

COOLIDGE
♦ MUNICIPAL AIRPORT ♦

Appendix A
RENTAL STUDY

Bruce D. Greenberg, Inc.
Real Estate Appraisers & Consultants
Business Valuations & Machinery-Equipment Appraisals

6657-96 - 1

4433 East 5th Street
Tucson, Arizona 85711

Telephone (520) 327-8200
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RESTRICTED APPRAISAL REPORT - LIMITED APPRAISAL

DATE OF REPORT: November 7, 1996

CLIENT: Mr. John Baudek
City Manager
City of Coolidge
130 West Central Avenue
Coolidge, Arizona 85228

APPRAISERS: Bruce D. Greenberg, MAI, SRA, ASA
State of Arizona Certified General Real
Estate Appraiser, Certificate Number 30031

Suzanne Boyer
Associate Appraiser

Bruce D. Greenberg, Inc.
4433 East 5th Street
Tucson, Arizona 85711

SUBJECTS: All of the subject parcels are located within
the confines of the Coolidge Municipal
Airport.

COPY

Subject Parcel A: The Brunetto Flying
Service holdings including a large hangar,
former operations barracks, two fuel
dispensers and accompanying underground
storage tanks and concrete aprons with
accompanying tie down spaces.

Subject Parcel B: The "south hangar" and
respective site.

A-1

Bruce D. Greenberg, MAI, SRA
State Certified General Real Estate Appraiser
Certificate No. 30031

Subject Parcel C: The former fire compound with associated improvements and respective site.

Subject Parcel D: A typical five acre tract adjacent to the taxiway, with taxiway access on the east side of the existing runway.

OUR FILE NUMBER: 6657-96

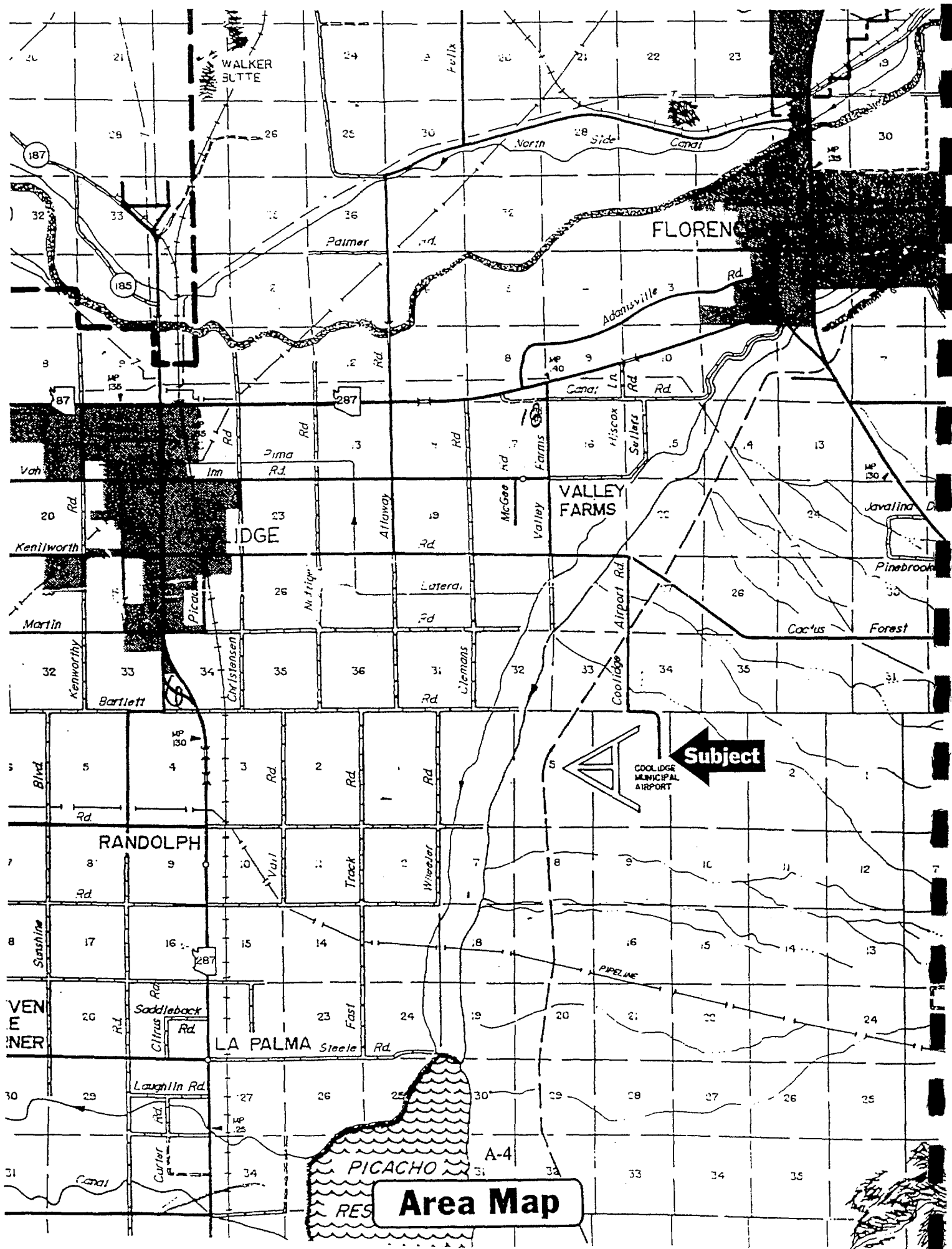
This is a Restricted Appraisal Report which is intended to comply with the reporting requirements set forth under Standards Rule 2-2(c) of the Uniform Standards of Professional Appraisal Practice for a Restricted Appraisal Report. As such, it presents no discussions of the data, reasoning, and analyses that were used in the appraisal process to develop the appraiser's opinion of value. Supporting documents concerning the data, reasoning, and analyses is retained in our file. The depth of discussion contained in this report is specific to the needs of the client and for the intended use stated below. The appraisers are not responsible for unauthorized use of this report. This report has been prepared for use by the City of Coolidge with regard to business decisions affecting the Coolidge Municipal Airport.

Furthermore, in accordance with prior agreement between the client and the appraiser, this report is the result of a limited appraisal process in that certain allowable departures from specific guidelines of the Uniform Standards of Professional Appraisal Practice were invoked. A rental analysis has been performed with which to establish the estimated rental value for the subject parcels. Comparable rental data was obtained from competing airports within the State of Arizona. Those airports include Buckeye Municipal, Casa Grande Municipal, Douglas Municipal, Falcon Field, Gila Bend Municipal, Goodyear Municipal, Kingman, Love Field in Prescott, Roswell Municipal and Williams Gateway. The value conclusion provided may be impacted to the degree there is departure from specific guidelines of the USPAP.

PURPOSE OF THE APPRAISAL: To estimate the market rent of the subject properties. It should be noted that the market rent for Subject Property A will be estimated in an as is condition as well as the condition prior to renovation by Mr. and Mrs. Brunetto, the current tenant.



Area Map



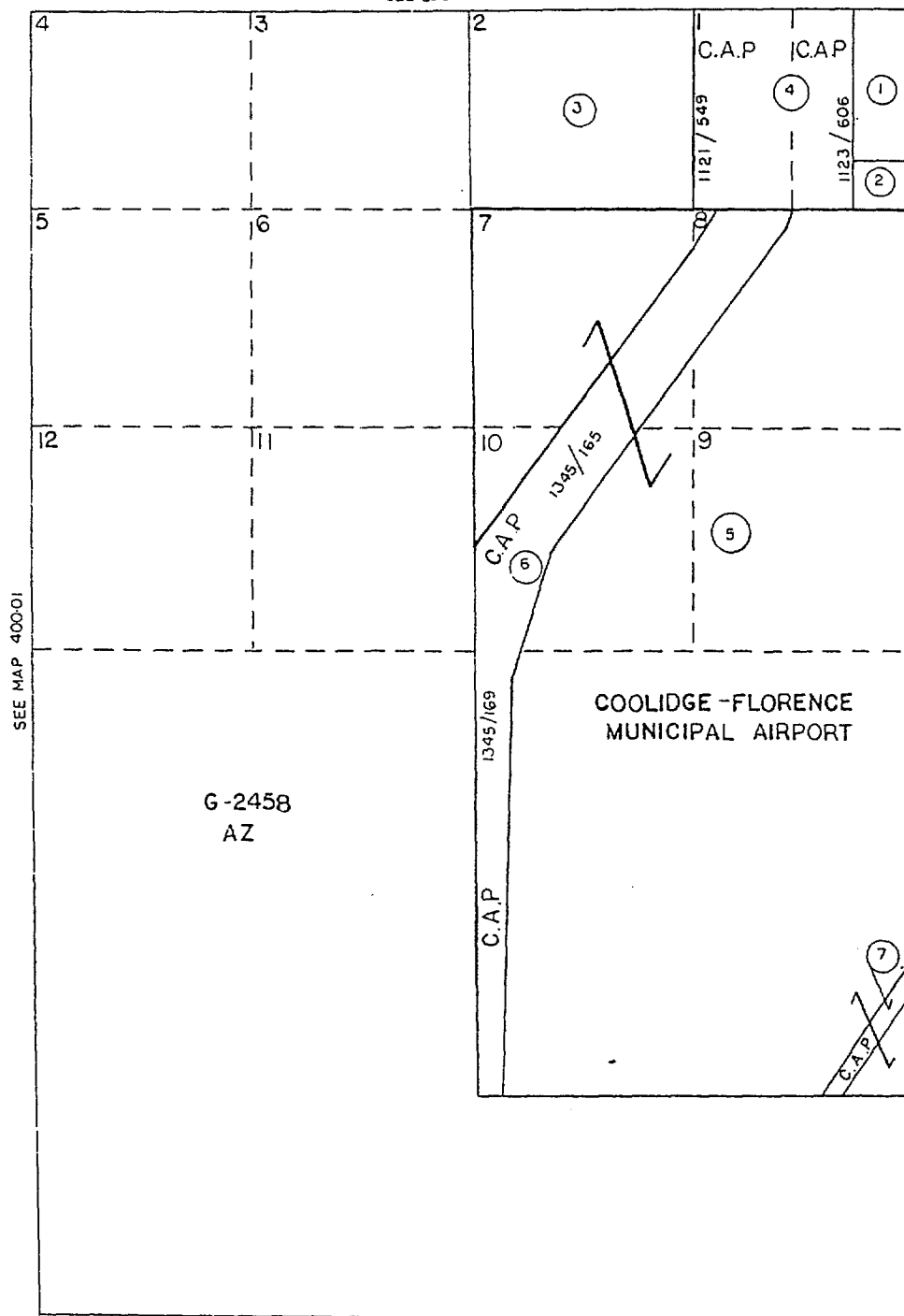
RG. 9E

RG. 9E

SNIT

400-38

SEE BOOK 202

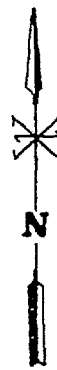


SEE MAP 400-01

A-5

SCALE 1"=

7-24-66



Plat Map

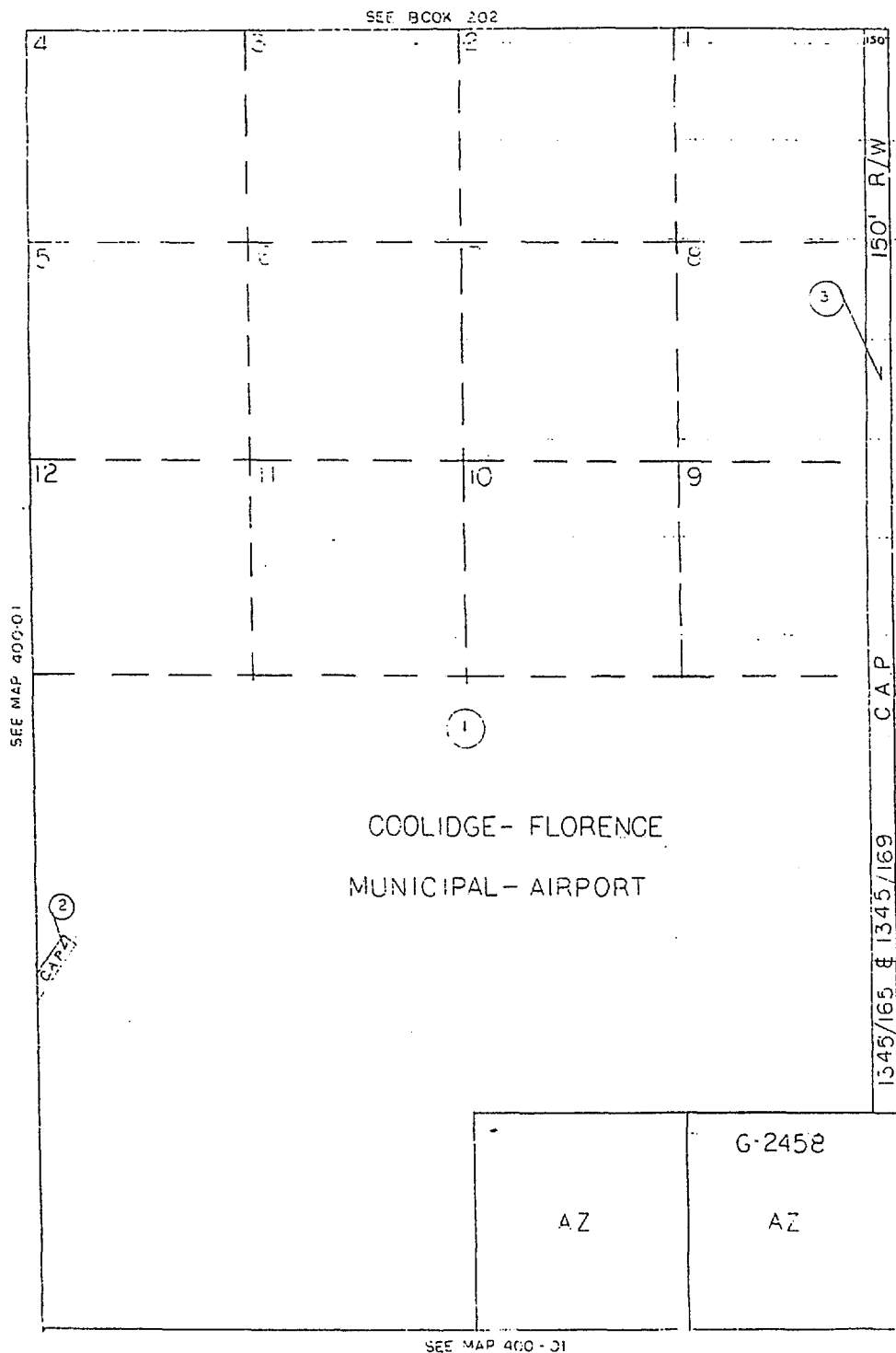
COUNTY ASSESSOR'S MAP
DRAWN 7-24-86 *

SEC 4 TN 6S RG 9E

3-15-88

SCALE 1" = 600'

400-39



COUNTY ASSESSOR'S MAP

SEE MAP 400-01



SEE MAP 062-01

Zoning Map

As utilized in this report, market rent is hereby defined as:

The rental income that a property would most probably command in the open market; indicated by the current rents paid and asked for comparable space as of the date of the appraisal.

Source: The Dictionary of Real Estate Appraisal, Third Edition, Appraisal Institute

INTENDED USE OF THE REPORT: For the purpose of assisting the client, the City of Coolidge with business decisions regarding the Coolidge Municipal Airport.

EFFECTIVE DATE OF VALUE: October 22, 1996, the date of our most recent inspection of the subject properties.

APPRAISAL DEVELOPMENT AND REPORTING PROCESS: In preparing this appraisal, the appraisers inspected each of the subject properties and gathered similar type rental comparables from competing airports within the State of Arizona. For subject Parcel C, due to the configuration and type of construction of the canopy associated with this property, it is not suitable for aircraft use. This is due to the factor that support braces situated within the structure would inhibit parking of aircraft under the canopy. Therefore, we feel that the rental value for Subject Parcel C would be land value only, and that the value for the existing improvements is equal to salvage value, or the cost to remove said improvements.

This Restricted Appraisal Report sets forth only the appraiser's conclusions. Supporting documentation is retained in the appraiser's file.

REAL ESTATE APPRAISED:

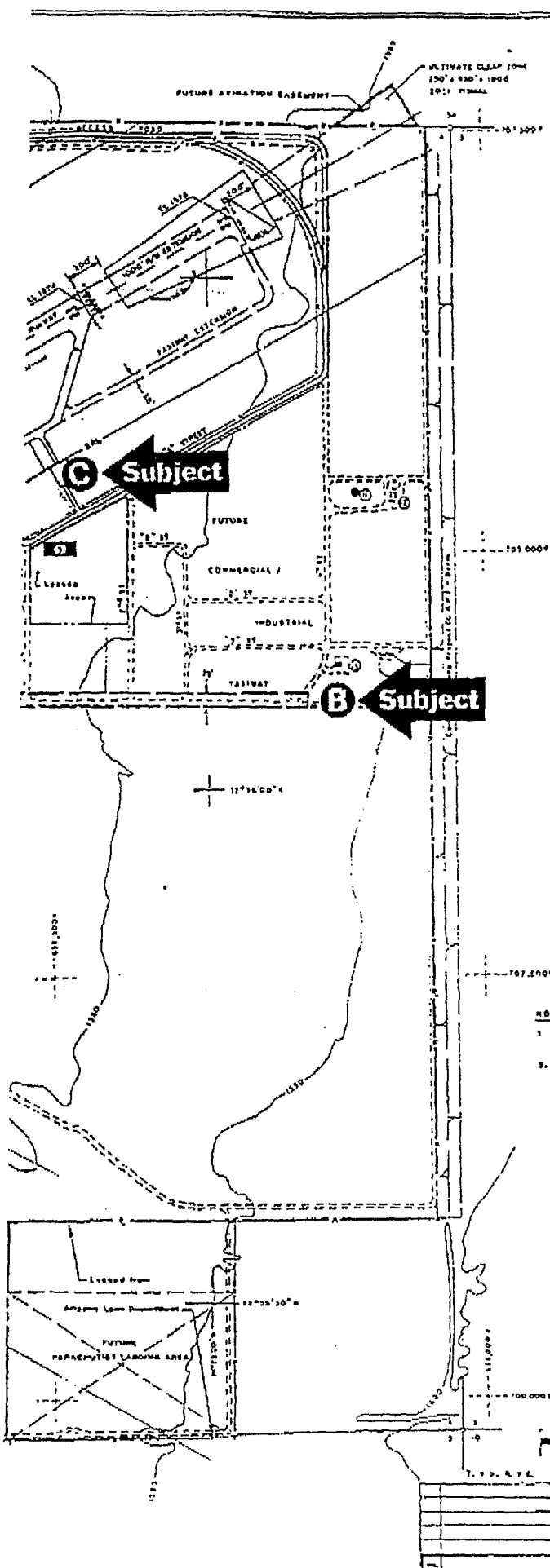
Subject Property A is the Brunetto Flying Service facility which is identified as Parcel T-91 and T-92 under City Records and can be described as that five acre, more or less, site containing various improvements which comprises the Brunetto Flying Service facility. This property is located adjacent east of the east taxiway within the airport proper about seven miles southeast of the city limits of Coolidge, Pinal County, Arizona. No legal description was provided, however, this property is situated within the north half of Section Four, Township Six South, Range Nine East, Gila and Salt River Base and Meridian, Pinal County, Arizona. This property can also be identified as part of Pinal County Assessor's Parcel Number 400-39-001. Ownership of this property is vested in the name of the City of Coolidge. This property is currently being leased by Brunetto Flying Service, owned by Mr. & Mrs. Sam Brunetto. The lease is a nine year extension of a previous lease between the City of Coolidge and

Aero Union Corp. Per Mr. John Baudek, City Manager, the current monthly rent for the property is \$662 plus \$0.01 per gallon of fuel delivered during the preceding month. Additionally, the rental agreement includes a \$367 per month payment for repayment of capital improvements which include the fuel tanks and dispensers at the site. Therefore the monthly contract rental amount paid currently by the tenant is \$1,029, or about \$0.80 per square foot per year. The estimated market rent will be provided for both the "before" condition of the improvements, prior to renovation by Mr. and Mrs. Brunetto, as well as the current condition, after renovation.

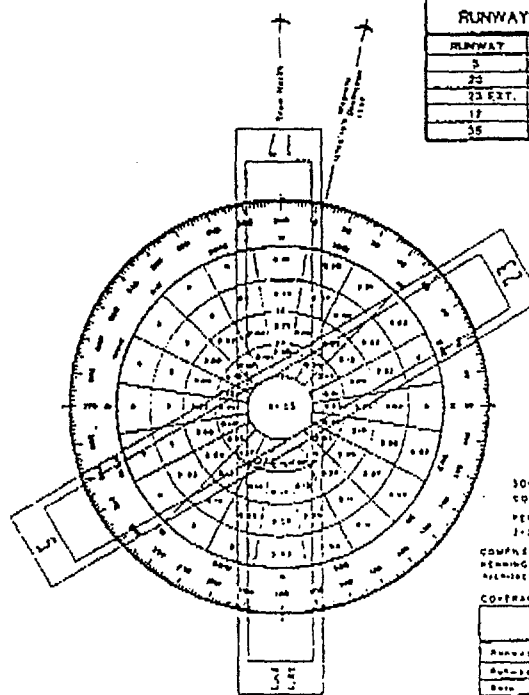
Subject Property B is the south hangar and respective site which can be identified as that 1.38± acre improved property located within the southern portion of the Coolidge airport proper, east of the taxiway with taxiway access. This property is improved with a hangar facility. This property is situated within the southern portion of the Coolidge airport, about seven miles southeast of the city limits of Coolidge, Pinal County, Arizona. No specific legal description was provided, however, this site is located within the south half of Section Four, Township Six South, Range Nine East, Gila and Salt River Base and Meridian, Pinal County, Arizona. This property can also be identified as part of Pinal County Assessor's Parcel Number 400-39-001. Ownership of this property is vested in the name of the City of Coolidge and is currently not leased.

Subject Property C is the former fire compound and respective site which is located north of the Brunetto Flying Service Facility within the northeastern portion of the airport proper. This property is improved with miscellaneous improvements including fencing and a covered parking area. Like the previous parcels, this site is situated within the Coolidge airport proper, about seven miles southeast of the city limits of Coolidge, Pinal County, Arizona. No specific legal description was provided, however, this site is located within the north half of Section Four, Township Six South, Range Nine East, Gila and Salt River Base and Meridian, Pinal County, Arizona. This property can also be identified as part of Pinal County Assessor's Parcel Number 400-39-001. Ownership of this property is vested in the name of the City of Coolidge and is currently not leased.

Subject Property D is a typical five acre parcel of vacant land located along the east taxiway within the Coolidge airport proper. Again, this parcel is a "typical" site which is offered for lease at the Coolidge airport along the east runway, south of the Brunetto Flying Service holding. Since this is a typical property, no specific legal description is available, however, the typical site would be located within Section Four, Township Six South, Range Nine East, Gila and Salt River Base and Meridian, Pinal County, Arizona. This "typical" site would also be identified as part of Pinal County Assessor's Parcel Number 400-39-001. Ownership of this property is vested in the name of the City of Coolidge and is currently not leased.

[illegible]

RUNWAY END COORDINATES		
RUNWAY	LATITUDE	LONGITUDE
5	22°29'00.0"N	113°27'00.0"E
23	22°24'30.0"N	113°25'00.0"E
23 EXT.	22°26'30.0"N	113°25'00.0"E
17	22°26'30.0"N	113°25'27.0"E
35	22°25'00.0"N	113°25'27.0"E



SOURCE:
 COUNCIL OF NATIONAL UNIONS
 REF ID:
 1-2-84 New 11-15-84

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CONFIDENTIAL		
	10.0 K=0.12	0.2 K=0.12
	(17 W=1)	(175 A=0.0)
Runway 1-23	10.1%	0.2%
Runway 2-30	07.0%	0.3%
Runway	10.1%	0.2%

[illegible]

**Coffman
Associates**
Tree Company

COOLIDGE MUNICIPAL AIRPORT
AIRPORT LAYOUT PLAN
COOLIDGE, ARIZONA

647042 音乐 80
 音乐人类学入门 李 心 2000.12 160页

APPROVED BY
MARSHALL E. COTTRELL

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SITE DATA:

Subject Property A: No site survey was provided, per information provided by the client, the site size for this property is five acres. The site is located on the east side of the east taxiway south of Coolidge Airport Road an asphalt paved two lane roadway. Surrounding land uses are industrial and aviation as well as vacant desert land. This property has taxiway access and is improved with various aviation use improvements which will be discussed in the improvements section of this report.

Subject Property B: No site survey was provided, per information provided by the client, the site size for this property is 200' by 300' or about 1.38 acres. This property is accessed by a dirt graded roadway as well as an extension of the east taxiway. The site has taxiway access and is improved with a hangar facility which will be discussed shortly. Surrounding land uses include vacant State owned desert land to the south, and the Brunetto Flying Service holdings as well as other industrial uses to the north. This property is located within the southern portion of the airport proper.

Subject Property C: No site survey was provided, per information provided by the client, the site size for this property is 200' by 295', or about 1.35 acres. Access to this site is along the Coolidge Airport Road, a two lane asphalt paved roadway. This site also has taxiway access via the east taxiway. Surrounding land uses include the airport taxiways and runways, industrial as well as vacant desert land. This property is within the northern portion of the developed part of the subject airport.

Subject Property D: No site survey was provided. This is a "typical" 5 acre site located along the east taxiway with taxiway access. Since several sites of this size are available at the subject airport facility, Subject Property D is considered to be a typical 5 acre site with taxiway access, south of the Brunetto Flying Service facility. This site is proposed for aviation use. No site dimensions were provided, however, we assume the shape of this site to be more or less square. Access to this site is via an extension of the east taxiway as well as by dirt graded roadways in the area. Surrounding land uses include the Brunetto Flying Service (Subject Property A) site to the north, the vacant south hangar (Subject Property B) to the south. Some industrial uses are also located to the north, and vacant desert land.

IMPROVEMENT DATA:

Subject Property A is the Brunetto Flying Service site. The improvements associated with this property include a 12,268 square foot aviation hangar which includes about 1,952 square feet of single story office space, plus a 3,264 square foot office/residence for a total of 15,532 square feet of building improvements. Additionally the site is improved with a fuel concession as well as an asphalt and concrete ramp area and two underground fuel storage tanks with two fuel dispensers.

The hangar and office/residence improvements were constructed during the World War II era, during the early 1940's. The fuel concession system was installed during the early 1990's. These improvements are currently in fair to good condition, however, the office/residence building is infested with termites. For this rental analysis we assume all of the subject improvements to be free of termites and in compliance with the requirements of the Arizona Structural Pest Control Commission. Prior to Mr. Brunetto's occupation of this property, according to data furnished to these appraisers by the client as well as Mr. and Mrs. Brunetto, the improvements were in poor to fair condition. The cost of renovation to the Brunetto's was about \$75,000. We assume the information provided to us by the client as well as by the tenant to be correct and reliable.

Subject Property B is a vacant aviation hangar. According to the client, this hangar was constructed during 1988-1989. The size of this structure is about 5,200 square feet of which about 1,495 square feet is office area. At the time of our inspection, access was not available to the inside of this building, therefore, the interior was not inspected by these appraisers. This hangar building is in fair to poor condition. There is a swimming pool to the northeast of this building which is the personal property of Mr. Brunetto and is not included in this analysis.

Subject Property C is the former fire compound and is improved with chain link fencing, gates and a 2,040± square foot canopy and 1,400± square foot cement slab, a 200± square foot storage shed and asphalt paving. The date of construction for these improvements is unknown, however, the improvements are in good condition and have a remaining estimated economic life of about 20 years. Unfortunately, the improvements are not suitable for aviation use in their current condition due to the configuration of the canopy, with bearing poles within the structure which would not allow for parking of aircraft under the canopy. Therefore, we believe that the rental value for this property would be strictly land value. This factor will be tested in our rental analysis in the addendum of this report.

No improvements are associated with Subject Property D.

HIGHEST AND BEST USE:

Subject Property A: Continued aviation use.

Subject Property B: Aviation related use.

Subject Property C: Aviation related use.

Subject Property D: Investment/speculation with development with aviation use when demand warrants.

CONCLUDED VALUE: As noted earlier, the methodology utilized for the subject properties was to arrive at the rental value via a rental comparison analysis of similar airport properties.

Based on the information and data gathered, it is our opinion that the estimated rental values of the Subject Properties on an annual basis, as of October 22, 1996 is as follows:

SUBJECT PROPERTY A:

ESTIMATED ANNUAL MARKET RENT FOR THE BRUNETTO FLYING SERVICE SITE IN ITS CONDITION PRIOR TO IMPROVEMENTS MADE BY BRUNETTO . . . \$14,000
(15,532 square feet times \$0.90 per square foot equals \$14,000 rounded)

ESTIMATED ANNUAL MARKET RENT FOR THE BRUNETTO FLYING SERVICE SITE IN ITS AS IS CONDITION \$19,500
(15,532 square feet times \$1.25 per square foot equals \$19,500 rounded)

SUBJECT PROPERTY B:

ESTIMATED ANNUAL MARKET RENT FOR THE SOUTH HANGAR IN ITS AS IS CONDITION \$5,200
(5,200 square feet times \$1.00 per square foot equals \$5,200 rounded)

SUBJECT PROPERTY C:

ESTIMATED ANNUAL MARKET RENT FOR THE FORMER FIRE COMPOUND SITE IN ITS AS IS CONDITION \$2,400
(59,000 square feet times \$0.04 per square foot equals \$2,400 rounded)

SUBJECT PROPERTY D:

ESTIMATED ANNUAL MARKET RENT FOR THE "TYPICAL" 5 ACRE AVIATION USE SITE WITH TAXIWAY ACCESS \$6,500
(217,800 square feet times \$0.03 per square foot equals \$6,500 rounded)

In addition to the general assumptions and limiting conditions attached hereto, the value estimate is subject to the following specific assumptions and limiting conditions:

- 1) As agreed upon with the client prior to the preparation of this appraisal, this is a Limited Appraisal because it invokes the Departure Provision of the Uniform Standards of Professional Appraisal Practice. As such, information pertinent to the valuation has not been considered and/or the full valuation process has not been applied. Depending on the type and

degree of limitations, the reliability of the value conclusion provided herein may be impacted;

- 2) This is a Restricted Appraisal Report which is intended to comply with the reporting requirements set forth under Standard 2-2(c) of the Uniform Standards of Professional Appraisal Practice for a Restricted Appraisal Report. As such, it does not include discussions of the data, reasoning, and analyses that were used in the appraisal process to develop the appraiser's opinion of value. Supporting documentation concerning the data, reasoning, and analyses is retained in the appraiser's file. The information contained in this report is specific to the needs of the client and for the intended use stated in this report. The appraiser is not responsible for unauthorized use of this report;
- 3) No land surveys were provided. According to information provided by the client, the size for the subject sites are 5 acres for Subject Property A, 1.38 acres for Subject Property B, 1.35 acres for Subject Property C and 5 acres for Subject Property D. These sizes are assumed to be correct and reliable. No building plans were provided. According to measurements taken by these appraisers Subject Property A contains 15,532 square feet of hangar and office/residential improvements, Subject Property B contains 5,200 square feet of hangar/office improvements, Subject Property C contains a 2,055 square foot canopy and Subject Property D is unimproved. These improvement sizes are assumed to be correct and reliable;
- 4) We assume that the improvements associated with the subject properties are free of termite infestation and are in compliance with requirements of the Arizona Structural Pest Control Commission;
- 5) These appraisers were not provided with any environmental and/or land use history studies for the subject properties. The existence of hazardous material has been considered; however, we are not qualified to detect such substances or materials. We assume that no such materials adversely affect the utility, usability, or developability of the property. Unless otherwise stated within our report, the existence of hazardous material may or may not be present within or on the property. The presence of potentially hazardous materials may affect the value of the property. The value estimate is predicated on the assumption that there is no such material on or in the property that would cause a loss in value. No responsibility will be assumed for any such conditions, or for any expertise or engineering knowledge required to discover them. The client is urged to retain an expert in this field, if desired. If at a later time hazardous materials and/or substances are discovered, we reserve the right, for an

additional agreed upon fee, to re-analyze and re-appraise said property, taking into account the discovery of such factor and its effect on the value of the subject property;

- 6) There are miscellaneous improvements associated with Subject Property A which include two quonset type barracks and an above ground storage tank. These items are considered personal property and are not included within this rental analysis, and,
- 7) The terms of value used herein are cash.

CHANGES IN ANY OF THE ABOVE CONDITIONS MAY AFFECT THE VALUE ESTIMATE OF THE SUBJECT PROPERTY. WE RESERVE THE RIGHT TO REAPPRAISE THE SUBJECT PROPERTY FOR AN ADDITIONAL FEE, IF ANY OF THE ABOVE CONDITIONS CHANGE.

Again, this appraisal report has been made in conformity with and is subject to the requirements of the Code of Professional Ethics and Standards of Professional Conduct of the Appraisal Institute and the guidelines and recommendations set forth in the Uniform Standards of Professional Appraisal Practice by the Appraisal Foundation as well as the requirements of the American Society of Appraisers.

We hereby certify that Bruce D. Greenberg and Suzanne Boyer have inspected the subject properties; that our fee was not contingent upon the value estimates contained herein; and that we have no interest present or prospective, in the properties appraised. Furthermore, we certify that, to the best of our knowledge and belief, all statements and opinions contained in this report are correct, subject to the assumptions, limiting conditions and certification which are made a part of this report.

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Your attention is directed to the data and discussions contained within this report and to the exhibits, which are pertinent.

Respectfully submitted,

COPY
BRUCE D. GREENBERG, MAI, SRA, ASA
STATE OF ARIZONA CERTIFIED REAL ESTATE
APPRAISER, CERTIFICATE NUMBER 30031

BDG:ss

COPY
SUZANNE BOYER
ASSOCIATE APPRAISER

APPRAISER'S CERTIFICATION

WE HEREBY WARRANT AND CERTIFY THAT:

We have no present or contemplated future interest in the real estate that is the subject of this appraisal report and, further, that we have no personal interest or bias with respect to the subject matter of this appraisal report or the parties involved.

Our compensation for this assignment is not contingent on an action or event resulting from the analyses, opinions, or conclusions in, or the use of, this report.

We have made a personal inspection of the subject property.

No one other than the undersigned formed the analyses, conclusions, and opinions concerning real estate that are set forth in this appraisal report, unless such participation by another party is indicated by the co-signing of this report by such other party.

To the best of my knowledge and belief, all statements of fact contained in this appraisal report, which are used as the basis of our analyses, opinions, and conclusions, are true and correct.

Each finding, prediction, assumption, or conclusion contained in this report is my personal opinion and is not an assurance that an event will or will not occur.

All of the limiting conditions imposed by the terms of our assignment or by the undersigned affecting the analyses, opinions, and conclusions are set forth in this report.

With respect to data provided by the client, we shall not violate the confidential nature of the appraiser-client relationship by improperly disclosing any confidential information furnished to me.

The analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the standards and reporting requirements of the Uniform Standards of Professional Appraisal Practice, the Code of Professional Ethics of the Appraisal Institute, and the Standards of Professional Appraisal Practice of the Appraisal Institute. additionally, this report conforms with requirements of the american Society of Appraisers.

I, Bruce D. Greenberg, MAI, SRA, am currently certified under the voluntary continuing education program of the Appraisal Institute.

Based on the information and data gathered, it is our opinion that the estimated rental values of the Subject Properties on an annual basis, as of October 22, 1996 is as follows:

SUBJECT PROPERTY A:

ESTIMATED ANNUAL MARKET RENT FOR THE BRUNETTO FLYING SERVICE SITE IN ITS CONDITION PRIOR TO IMPROVEMENTS MADE BY BRUNETTO \$14,000
(15,532 square feet times \$0.90 per square foot equals \$14,000 rounded)

ESTIMATED ANNUAL MARKET RENT FOR THE BRUNETTO FLYING SERVICE SITE IN ITS AS IS CONDITION \$19,500
(15,532 square feet times \$1.25 per square foot equals \$19,500 rounded)

SUBJECT PROPERTY B:

ESTIMATED ANNUAL MARKET RENT FOR THE SOUTH HANGAR IN ITS AS IS CONDITION \$5,200
(5,200 square feet times \$1.00 per square foot equals \$5,200 rounded)

SUBJECT PROPERTY C:

ESTIMATED ANNUAL MARKET RENT FOR THE FORMER FIRE COMPOUND SITE IN ITS AS IS CONDITION \$2,400
(59,000 square feet times \$0.04 per square foot equals \$2,400 rounded)

SUBJECT PROPERTY D:

ESTIMATED ANNUAL MARKET RENT FOR THE "TYPICAL" 5 ACRE AVIATION USE SITE WITH TAXIWAY ACCESS \$6,500
(217,800 square feet times \$0.03 per square foot equals \$6,500 rounded)

In addition to the general assumptions and limiting conditions attached hereto, the value estimate is subject to the following specific assumptions and limiting conditions:

- 1) As agreed upon with the client prior to the preparation of this appraisal, this is a Limited Appraisal because it invokes the Departure Provision of the Uniform Standards of Professional Appraisal Practice. As such, information pertinent to the valuation has not been considered and/or the

full valuation process has not been applied. Depending on the type and degree of limitations, the reliability of the value conclusion provided herein may be impacted;

- 2) This is a Restricted Appraisal Report which is intended to comply with the reporting requirements set forth under Standard 2-2(c) of the Uniform Standards of Professional Appraisal Practice for a Restricted Appraisal Report. As such, it does not include discussions of the data, reasoning, and analyses that were used in the appraisal process to develop the appraiser's opinion of value. Supporting documentation concerning the data, reasoning, and analyses is retained in the appraiser's file. The information contained in this report is specific to the needs of the client and for the intended use stated in this report. The appraiser is not responsible for unauthorized use of this report;
- 3) No land surveys were provided. According to information provided by the client, the size for the subject sites are 5 acres for Subject Property A, 1.38 acres for Subject Property B, 1.35 acres for Subject Property C and 5 acres for Subject Property D. These sizes are assumed to be correct and reliable. No building plans were provided. According to measurements taken by these appraisers Subject Property A contains 15,532 square feet of hangar and office/residential improvements, Subject Property B contains 5,200 square feet of hangar/office improvements, Subject Property C contains a 2,055 square foot canopy and Subject Property D is unimproved. These improvement sizes are assumed to be correct and reliable;
- 4) We assume that the improvements associated with the subject properties are free of termite infestation and are in compliance with the Arizona Structural Pest Control Commission;
- 5) These appraisers were not provided with any environmental and/or land use history studies for the subject properties. The existence of hazardous material has been considered; however, we are not qualified to detect such substances or materials. We assume that no such materials adversely affect the utility, usability, or developability of the property. Unless otherwise stated within our report, the existence of hazardous material may or may not be present within or on the property. The presence of potentially hazardous materials may affect the value of the property. The value estimate is predicated on the assumption that there is no such material on or in the property that would cause a loss in value. No responsibility will be assumed for any such conditions, or for any expertise or engineering knowledge required to discover them. The client is urged to retain an expert in this field, if desired. If at a later time hazardous

materials and/or substances or discovered, we reserve the right, for an additional agreed upon fee, to re-analyze and re-appraise said property, taking into account the discovery of such factor and its effect on the value of the subject property;

- 6) There are miscellaneous improvements associated with Subject Property A which include two quonset type barracks and an above ground storage tank. These items are considered personal property and are not included within this rental analysis, and,
- 7) The terms of value used herein are cash.

CHANGES IN ANY OF THE ABOVE CONDITIONS MAY AFFECT THE RENTAL VALUE ESTIMATES OF THE SUBJECT PROPERTIES. WE RESERVE THE RIGHT TO REAPPRAISE THE SUBJECT PROPERTIES FOR AN ADDITIONAL FEE, IF ANY OF THE ABOVE CONDITIONS CHANGE.

BRUCE D. GREENBERG, MAI, SRA, ASA
STATE OF ARIZONA
CERTIFIED REAL ESTATE APPRAISER
CERTIFICATE NUMBER 30031

SUZANNE BOYER
ASSOCIATE APPRAISER

UNDERLYING ASSUMPTIONS AND CONTINGENT CONDITIONS

As agreed upon with the client prior to the preparation of this appraisal, this is a Limited Appraisal because it invokes the Departure Provision of the Uniform Standards of Professional Appraisal Practice. As such, information pertinent to the valuation has not been considered and/or the full valuation process has not been applied. Depending on the type and degree of limitations, the reliability of the value conclusion provided herein may be reduced.

This is a Restricted Appraisal Report which is intended to comply with the reporting requirements set forth under Standard 2-2(c) of the Uniform Standards of Professional Appraisal Practice for a Restricted Appraisal Report. As such, it does not include discussions of the data, reasoning, and analyses that were used in the appraisal process to develop the appraiser's opinion of value. Supporting documentation concerning the data, reasoning, and analyses is retained in the appraiser's file. The information contained in this report is specific to the needs of the client and for the intended use stated in this report. The appraiser is not responsible for unauthorized use of this report.

The liability of the firm and employees of Bruce D. Greenberg, Inc. is limited to the client only and to the fee actually received by the firm.

These appraisers are not responsible for any costs incurred to discover or correct any deficiencies of any type present in the property; whether physical, financial, and/or legal. In the case of limited partnerships, or syndication offerings, or stock offerings in real estate, the client agrees that in case of a lawsuit (brought by lender, partner or part owner in any form of ownership, tenant, or any other party), any and all awards or settlements of any type in such suite, regardless of the outcome, the client and all parties will completely hold harmless the firm of Bruce D. Greenberg, Inc., its employees and/or agents in any such action.

The validity of legal, engineering, or auditing opinions is assumed to be good, and no responsibility is assumed therefor.

Unless otherwise stated, we assume and believe that information furnished to us by others is reliable, but we assume no responsibility for its accuracy.

Should this valuation opinion be ascribed in regard to proposed public or private improvements, then in that event, this appraisal is subject to the completion thereof in the manner proposed.

These appraisers reserve the right to alter statements, analysis, conclusion or any value estimate in the appraisal if there becomes known to us facts pertinent to the appraisal process which were unknown to us when the report was finished. Appraisal report and value estimate are subject to change if physical or legal entity or financing is different than that envisioned in this report.

The title to the property being appraised is assumed to be marketable and competent management and/or ownership is assumed. Consideration has been given to the existing or potential financing associated with the subject and the impact of such financing on value.

These appraisers were not provided with any environmental and/or land use history studies for the subject property. The existence of hazardous material has been considered; however, we are not qualified to detect such substances or materials. We assume that no such materials adversely affect the utility, usability, or developability of the property. Unless otherwise stated within our report, the existence of hazardous material may or may not be present within or on the property. The presence of substances such as asbestos, urea-formaldehyde foam insulation, or other potentially hazardous materials may affect the value of the property. The value estimate(s) will be predicated on the assumption that there is no such material on or in the property that would cause a loss in value. No responsibility will be assumed for any such conditions, or for any expertise or engineering knowledge required to discover them. The client is urged to retain an expert in this field, if desired. If at a later time hazardous materials and/or substances are discovered, we reserve the right, for an additional agreed upon fee, to re-analyze and re-appraise said property, taking into account the discovery of such factor and its effect on the value of the subject property.

These appraisers assume no responsibility for any costs or consequences arising due to the need, or the lack of need, for flood hazard insurance. An Agent for The Federal Flood Insurance Program should be contacted to determine the actual need for Flood Hazard Insurance.

Maps, drawings, or sketches have been made a part of the report to aid the reader in visualizing the property, neighborhood, and region. We have made no survey of the property and assume no responsibility in connection with such matters.

We are not required, because of this appraisal report, to appear or to testify at a public hearing, committee, or corporate meeting, deposition, or legal proceeding of any kind unless satisfactory arrangements have been made in advance for our appearance.

The possession of this appraisal report does not include the right of its publication without our consent, nor may it be used for any purpose other than its intended use.

This report or any portion thereof is for the exclusive use of the client for the stated purpose and function and is not intended to be used, given, sold, transferred, or relied on by any person other than the client without the prior, express written permission of the authors. Use of or reliance upon this report by third parties is specifically prohibited. We assume no responsibility for potential claims arising from unauthorized use of this report, or any portion thereof. The client will forever indemnify and hold Bruce D. Greenberg, Inc. and its officers and employees harmless from any claims by third parties related in any way to the appraisal or study which is the subject thereof.

The appraisal report is meant to be used only in its entirety; no part may be used without the full or entire report.

Neither all nor any part of the contents of this report shall be conveyed to the public through advertising, public relations, news, sales, or other media, without the written consent and approval of the authors, particularly as to the value conclusions, the identity of the appraisers or the firm with which they are connected, or any reference to the Appraisal Institute, or to the MAI designation, or the American Society of Appraisers or the ASA designation.

Except for data provided by the client, all data gathered in the appraisal process and the appraisal report itself remain our property.

Unless otherwise stated, the present purchasing power of the dollar is the basis for the values ascribed.

The client authorizes disclosure of all or any portion of this appraisal report and the related appraisal data to appropriate representatives of the Appraisal Institute if such disclosure is required to enable us to comply with the bylaws and regulations of said Institute hereafter in effect.

Acceptance of, and/or use of, this appraisal report by the client constitutes acceptance of the above underlying assumptions and limiting conditions, as well as the specific assumptions detailed in the Letter of Transmittal and Appraiser's Certification sections of the appraisal report.

QUALIFICATIONS OF BRUCE D. GREENBERG, MAI, SRA, ASA, STATE OF ARIZONA
CERTIFIED GENERAL REAL ESTATE APPRAISER, CERTIFICATE NUMBER 30031

Mr. Greenberg is a member of the Appraisal Institute and holds both the MAI and SRA designations. Mr. Greenberg received his earned MAI designation from the American Institute of Real Estate Appraisers in 1979. The Appraisal Institute conducts a voluntary program of continuing education for designated members. Mr. Greenberg has completed the requirements under this program and is presently certified through December 31, 1997. Mr. Greenberg also received his earned SRA, SRPA, and SREA designations from the Society of Real Estate Appraisers in 1977, 1978, and 1984, respectively. Mr. Greenberg has also earned his ASA designation from the American Society of Appraisers within both the Real Property/Urban discipline, as well as in the Machinery and Technical Specialties discipline. Mr. Greenberg received his Bachelor of Science Degree in Public Administration from the University of Arizona in 1973.

PROFESSIONAL EXPERIENCE:

1981 - Present	Principal Appraiser and President, Bruce D. Greenberg, Inc., Real Estate Appraisers and Consultants
1970 - 1980	Independent Fee Appraiser and Researcher, Sanders K. Solot and Associates, Real Estate Appraisers and Consultants

PROFESSIONAL ASSOCIATIONS:

Mr. Greenberg was chair of the National Library Committee and a member of this committee for the Appraisal Institute from 1990 through 1994. He served on the National Board of Governors of the Society of Real Estate Appraisers from 1979 to 1990. He also served on the Trust Fund Committee for the Appraisal Institute. Additionally, he was the past chair and is currently a member of the Executive Board and Membership Chairman of the Pima County Real Estate Research Council. In addition, Mr. Greenberg is a member of the Board of Directors of the Greater Casa Grande Valley Economic Development Foundation. Mr. Greenberg is also a Realtor member of the National Association of Realtors within its Tucson Board, is a member of its National Real Estate Appraisal Section, and has been awarded the General Accredited Appraiser (GAA) designation from said organization.

Qualifications of Bruce D. Greenberg (continued):

APPRAISAL EDUCATION:

Appraisal courses attended and successfully completed, as follows:

- "Basic Principles, Methods, and Techniques," 1973
- "Urban Properties," 1975
- "Condemnation," 1977
- "Capitalization Theory and Techniques," 1977
- "Standards of Professional Practice"/USPAP, Parts A and B, 1995

Society of Real Estate Appraisers courses attended and successfully completed, as follows:

- "An Introduction to Appraising Real Property," 1971
- "Principles of Income Property Appraising," 1974
- "Single Family Residential Examination," 1974
- "Narrative Report Writing Seminar," 1974
- "Specific Applications of Appraisal Analysis," 1984

American Society of Appraisers courses attended and successfully completed, as follows:

- MTS 201 "Introduction to Machinery and Equipment Valuation," 1994
- MTS 202 "Machinery and Equipment Valuation Methodology," 1994
- MTS 203 "Machinery and Technical Specialties Valuation - Advanced Topics and Case Studies," 1995
- MTS 204 "Machinery and Technical Specialties Valuation - Advanced Topics and Report Writing," 1995

QUALIFIED WITNESS FOR: United States District Courts; Pima, Pinal, Cochise, Maricopa, and Santa Cruz County Superior Courts

QUALIFIED AND ACCEPTED APPRAISER FOR: State of Arizona Departments of Transportation and Administration, State Land Department, Counties of Pima, Pinal, Santa Cruz, Maricopa, and Cochise, Cities of Tucson, Phoenix, Casa Grande, Nogales, Yuma, Sierra Vista, Bisbee, Coolidge and Eloy as well as:

Tucson Electric Power Company	Farmers Home Administration
Arizona Public Service Company	Bureau of Land Management
Southwest Gas Corporation	El Paso Natural Gas
General Services Admin. (GSA)	Tucson Unified School District
University of Arizona	
Federal National Mortgage Association (FNMA, Level III)	
Federal Deposit Insurance Corporation (FDIC)	
Department of Housing & Urban Development (HUD)	

Qualifications of Bruce D. Greenberg (continued):

Clientele includes governmental agencies, corporate organizations, financial institutions, public and private educational institutions, and public utilities.

A partial list of clients would include:

Arizona Bank	First Union
Bank of Arizona	Liberty Bank and Trust
Bank One, Arizona	Merrill Lynch
Bankers Trust	National Bank of Arizona
CB Commercial	Northern Trust
Chase Manhattan Bank	Paine Webber
Chemical Bank	Saloman Brothers
CitiBank	State Savings Bank
Corrections Corp. of America	Zions Bank
Esmor Correctional Corporation	

Mr. Greenberg has passed his General Appraisers Certification Examination set forth by the State of Arizona Board of Appraisers, Certificate Number 30031 and is certified through August 31, 1998. Furthermore, he is registered with the State of Arizona Board of Appraisal as a Property Tax Agent.

SCOPE OF PRACTICE:

Practice is classified into the following major categories:

- Machinery and Equipment Valuations
- Mortgage Loan Valuations
- Taxation Valuation
- Litigation and Eminent Domain Services
- Market Value for Private Negotiation Purposes
- Counseling/Consultation

Mr. Greenberg has valued numerous correctional facilities and airport properties throughout the United States. He is a member of both the American Association of Airport Executives and the Arizona Airport Association.

QUALIFICATIONS OF SUZANNE BOYER

PROFESSIONAL EXPERIENCE:

1991 - Present	Bruce D. Greenberg, Inc., Real Estate Consultants and Valuers, as Associate Consultant/Appraiser
1989 - 1990	Greenberg Garcia McCalley & Prosch, Inc., Real Estate Consultants and Valuers, as Assistant Consultant/Appraiser
1986 - 1989	Realtor Associate with Tucson Realty & Trust and Roy H. Long Realty

PROFESSIONAL EDUCATION:

Valley College, San Bernardino, California - courses relating to engineering and real estate

Appraisal Institute courses attended and successfully passed as follows:

Course I110, Appraisal Principles, March, 1994
Course I120, Appraisal Procedures, May, 1994
Course I310, Basic Income Capitalization, March, 1995
Course I410, Standards of Professional Practice, Part A, May, 1996
Course I420, Standards of Professional Practice, Part B, May, 1996

State of Arizona accredited courses attended and successfully passed:

Course RLS-252, Advanced Appraisal, Pima Community College, May 1995

Recent Seminars Attended:

Arizona Airports Association, "The Nuts and Bolts of Arizona Airports," Fall Conference, October, 1995

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ADDENDUM

TABULATION OF COMPARABLE HANGAR RENTALS

FOR RENTAL ANALYSIS OF SUBJECT PROPERTY A, THE BRUNETTO FLYING SERVICE FACILITY

	<u>AIRPORT NAME/USE</u>	<u>LEASED AREA BUILDING SIZE IN SQUARE FEET</u>	<u>YEAR BUILT RUNWAY ACCESS</u>	<u>LEASE RATE PER SQ.FT.PER YEAR LEASE START</u>	<u>LEASE TERM</u>	<u>LEASE TERMS</u>
	<u>BUCKEYE MUNICIPAL AIRPORT</u>					
1.	Buckeye Aviation FBO - 2 hangars and fuel concession	8,000	1990 Yes	\$1.80 1996	month to month	Lease is on a month to month basis.
2.	Lufthansa Airlines Aircraft maintenance, includes hangar of 15,000 s.f. and 16,000 s.f. shade hangar	31,000	1990 Yes	\$2.32 1990	10 years + 1 - 10 year option	Level rent to be renegotiated at option renewal.
	<u>CASA GRANDE MUNICIPAL AIRPORT</u>					
3.	Desert Aero Center FBO - hangar	3,600	1975 Yes	\$2.24 10/94	5 years plus 1 - 5 year option	Annual CPI adjustments.
	<u>DOUGLAS MUNICIPAL AIRPORT</u>					
4.	Air Resources International FBO - Terry Stewart - property includes 1-12,000 s.f. hangar, 1-2,400 s.f. hangar and one 720 s.f. mobile FBO office.	15,120	1970 ± Yes	\$0.10 1983	5 years plus renewable 5 year options	Level rent. Lease currently in third 5 year term. Current lease expires in 1998.
	<u>GOODYEAR MUNICIPAL AIRPORT</u>					
5.	Sabretech Aircraft maintenance/repair hangar	143,723	1950 Yes	\$1.67 1996	5 years plus 2 - 5 year options	Level rent to be renegotiated at beginning of each option period.
6.	Sabretech Aircraft maintenance/repair hangar	120,937	1942 Yes	\$1.34 1996	5 years plus 2 - 5 year options	Level rent to be renegotiated at beginning of each option period.

	<u>AIRPORT NAME/USE</u>	<u>LEASED AREA BUILDING SIZE IN SQUARE FEET</u>	<u>YEAR BUILT RUNWAY ACCESS</u>	<u>LEASE RATE PER SQ.FT.PER YEAR LEASE START</u>	<u>LEASE TERM</u>	<u>LEASE TERMS</u>
	<u>KINGMAN AIRPORT</u>					
7.	Airmotive Aircraft maintenance/repair Two hangars, 25,200 s.f. and 21,000 s.f.	46,200	1942 ± Yes	\$1.82 1992	5 years plus 4 - 5 year options	Annual CPI increases/adjustments
8.	Jim Straubbe Aircraft Services Aircraft painting	10,400	1942 ±	\$0.92 1993	5 years plus 1 - 5 year option	Rent is \$800 per month. Hangar was in poor condition at time of rental. Lessee allowed up to \$600 per month credit for upgrades. Currently, lessee is paying \$200 per month until credit for upgrades is repaid, then reverts to \$800 per month. CPI increases 1 year after all credits exhausted.
9. A-32	Ed Bangs Aircraft storage hangar in poor condition	20,800	1942 ±	\$0.23 1994	8 years no option	Annual CPI increases. Hangar is in poor condition and is demolition value only.
	<u>WICKENBURG MUNICIPAL AIRPORT</u>					
10.	Avart Aviation painting service Includes 2 enclosed hangars, 2,500 and 3,000 s.f., one shade hangar, 2,500 s.f. and 9,180 s.f. unpaved aircraft parking area.	8,270	1972 Yes	\$1.21 1989	10 years plus 1 - 10 year option	is paying \$200 per month until rental Level rent to be renegotiated at end of first lease (1999). Rent includes hangars as well as office and unpaved parking area.
	<u>WILLIAMS GATEWAY AIRPORT</u>					
11.	Santan Flying Service - Joe Henderson Crop dusting - aircraft maintenance	11,758	1942 ± Yes	\$2.55 1996	3 years 2 - 2 year options	Price includes maintenance of building, cost is about \$0.90 per s.f. per year. CPI increases annually.
12.	Phoenix Composite Technology Aircraft maintenance	11,653	1942 ± Yes	\$2.64 1994	3 years no options	Price includes maintenance of building, cost is about \$0.90 per s.f. per year. At end of lease term building will be demolished for road construction.

	<u>AIRPORT NAME/USE</u>	<u>LEASED AREA BUILDING SIZE IN SQUARE FEET</u>	<u>YEAR BUILT RUNWAY ACCESS</u>	<u>LEASE RATE PER SQ.FT.PER YEAR LEASE START</u>	<u>LEASE TERM</u>	<u>LEASE TERMS</u>
	<u>Williams Gateway, continued</u>					
13.	Native American Air Ambulance Aircraft maintenance	22,000	1942 ± Yes	\$3.30 1995	3 years 1 - 2 year option	Price includes maintenance of building, cost is about \$0.90 per s.f. per year. CPI increases annually.
14.	McDonnell Douglas Avionic subgrade	60,000	1965 ± Yes	\$3.84 1996	6 years 1 - 4 year option	Price includes maintenance of building, cost is about \$0.90 per s.f. per year. CPI adjustment in fourth year of current lease.
	<u>COOLIDGE MUNICIPAL AIRPORT</u>					
	Brunetto Flying Service FBO and Airplane rebuilding 12,268 s.f. hangar w/offices 3,264 s.f. FBO offices and residence	15,532	1940 ± Yes	\$0.79 1994	9 years no options	Price includes \$367 per month repayment of capital improvement (fuel tanks & dispensers). Annual CPI adjustments.

SUBJECT PROPERTY A - ADJUSTMENT CHARTBEFORE RENOVATION

	<u>Rental 1</u>	<u>2</u>	<u>3</u>	<u>4</u>	<u>5</u>	<u>6</u>	<u>7</u>
Annual rental per sq.ft.	\$1.80	\$2.32	\$2.24	\$0.10	\$1.67	\$1.34	\$1.82
Property Rights	o	o	o	o	o	o	o
Conditions of Rental	o	o	o	o	o	o	o
Market Conditions	o	+	o	+	o	o	+
Overall adjustment	o	+	o	+	o	o	+
Indicated rental/s.f.	\$1.80	+\$2.32	\$2.24	+\$0.10	\$1.67	\$1.34	+\$1.82
Location	-	-	-	+	-	-	-
Size	-	+	-	o	+	+	+
Age/condition	-	-	-	-	-	-	-
Fuel Concession	o	o	o	o	+	+	o
Overall Adjustment	-	-	-	+	-	-	-
Indicated rental s.f.	-\$1.80	-\$2.32	-\$2.24	+0.10	-\$1.67	-\$1.34	-\$1.82

Note 1: (-) represents superior, thus downward adjustment;
 (+) represents inferior, thus upward adjustment;
 (o) represents similar, thus no adjustment.

Note 2: The first four adjustments are made sequentially, while the adjustments for location and physical characteristics are made in the aggregate.

Note 3: Not all adjustments are equally weighted; therefore, one superior characteristic of a comparable may outweigh an inferior characteristic of that comparable.

SUBJECT PROPERTY A - ADJUSTMENT CHARTBEFORE RENOVATION

	<u>Rental 8</u>	<u>9</u>	<u>10</u>	<u>11</u>	<u>12</u>	<u>13</u>	<u>14</u>
Annual rental per sq.ft.	\$0.92	\$0.23	\$1.21	\$2.55	\$2.64	\$3.30	\$3.84
Property Rights	o	o	o	o	o	o	o
Conditions of Rental	o	o	o	-\$0.90	-\$0.90	-\$0.90	-\$0.90
Market Conditions	+	o	+	o	o	o	o
Overall adjustment	+	o	+	-\$0.90	-\$0.90	-\$0.90	-\$0.90
Indicated rental/s.f.	\$0.92	\$0.23	+\$1.21	\$1.65	\$1.74	\$2.40	\$2.94
Location	-	-	-	-	-	-	-
Size	o	o	-	o	o	o	+
Age/condition	o	+	-	-	-	-	-
Fuel Concession	+	+	+	+	+	+	+
Overall Adjustment	o	+	-	-	-	-	-
Indicated rental s.f.	\$0.92	+\$0.23	-\$1.21	-\$1.65	-\$1.74	-\$2.40	-\$2.94

Note 1: (-) represents superior, thus downward adjustment;
 (+) represents inferior, thus upward adjustment;
 (o) represents similar, thus no adjustment.

Note 2: The first four adjustments are made sequentially, while the adjustments for location and physical characteristics are made in the aggregate.

Note 3: Not all adjustments are equally weighted; therefore, one superior characteristic of a comparable may outweigh an inferior characteristic of that comparable.

SUBJECT PROPERTY A - ADJUSTMENT CHARTAFTER RENOVATION

	<u>Rental 1</u>	<u>2</u>	<u>3</u>	<u>4</u>	<u>5</u>	<u>6</u>	<u>7</u>
Annual rental per sq.ft.	\$1.80	\$2.32	\$2.24	\$0.10	\$1.67	\$1.34	\$1.82
Property Rights	o	o	o	o	o	o	o
Conditions of Rental	o	o	o	o	o	o	o
Market Conditions	o	+	o	+	o	o	+
Overall adjustment	o	+	o	+	o	o	+
Indicated rental/s.f.	\$1.80	+\$2.32	\$2.24	+\$0.10	\$1.67	\$1.34	+\$1.82
Location	-	-	-	+	-	-	-
Size	-	+	-	o	+	+	+
Age/condition	-	-	-	o	-	o	o
Fuel Concession	o	o	o	o	+	+	o
Overall Adjustment	-	-	-	+	-	o	o
Indicated rental s.f.	-\$1.80	-\$2.32	-\$2.24	+0.10	-\$1.67	\$1.34	\$1.82

Note 1: (-) represents superior, thus downward adjustment;
 (+) represents inferior, thus upward adjustment;
 (o) represents similar, thus no adjustment.

Note 2: The first four adjustments are made sequentially, while the adjustments for location and physical characteristics are made in the aggregate.

Note 3: Not all adjustments are equally weighted; therefore, one superior characteristic of a comparable may outweigh an inferior characteristic of that comparable.

SUBJECT PROPERTY A - ADJUSTMENT CHARTAFTER RENOVATION

	<u>Rental 8</u>	<u>9</u>	<u>10</u>	<u>11</u>	<u>12</u>	<u>13</u>	<u>14</u>
Annual rental per sq.ft.	\$0.92	\$0.23	\$1.21	\$2.55	\$2.64	\$3.30	\$3.84
Property Rights	o	o	o	o	o	o	o
Conditions of Rental	o	o	o	-\$0.90	-\$0.90	-\$0.90	-\$0.90
Market Conditions	+	o	+	o	o	o	o
Overall adjustment	+	o	+	-\$0.90	-\$0.90	-\$0.90	-\$0.90
Indicated rental/s.f.	\$0.92	\$0.23	+\$1.21	\$1.65	\$1.74	\$2.40	\$2.94
Location	-	-	-	-	-	-	-
Size	o	o	-	o	o	o	+
Age/condition	+	+	o	o	o	o	-
Fuel Concession	+	+	+	+	+	+	+
Overall Adjustment	+	+	o	-	-	-	-
Indicated rental s.f.	+\$0.92	+\$0.23	\$1.21	-\$1.65	-\$1.74	-\$2.40	-\$2.94

Note 1: (-) represents superior, thus downward adjustment;
 (+) represents inferior, thus upward adjustment;
 (o) represents similar, thus no adjustment.

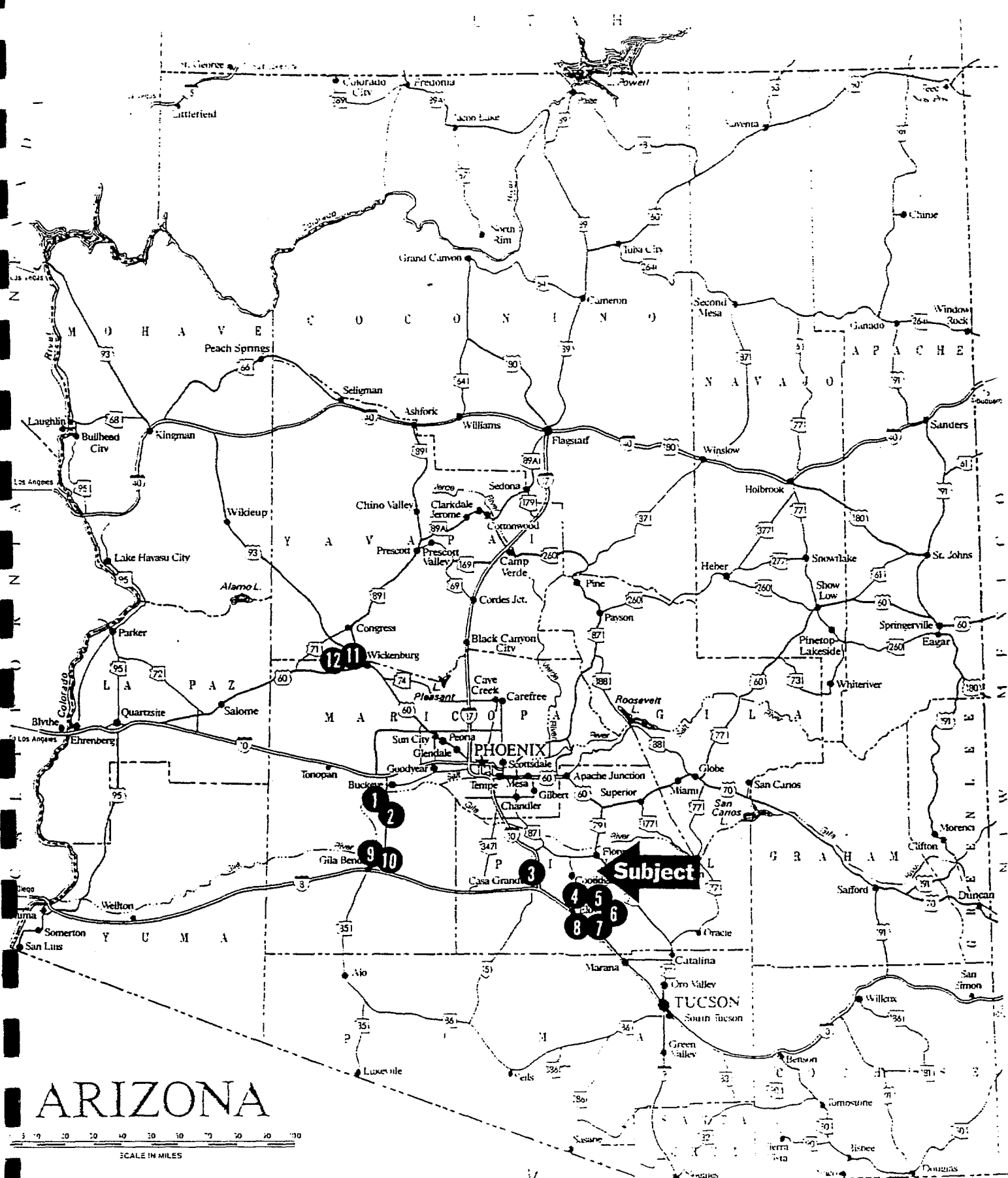
Note 2: The first four adjustments are made sequentially, while the adjustments for location and physical characteristics are made in the aggregate.

Note 3: Not all adjustments are equally weighted; therefore, one superior characteristic of a comparable may outweigh an inferior characteristic of that comparable.

TABULATION OF COMPARABLE HANGAR RENTALS
FOR RENTAL ANALYSIS OF SUBJECT PROPERTY B, THE SOUTH HANGAR AND SITE

	<u>AIRPORT NAME/USE</u>	<u>LEASED AREA BUILDING SIZE IN SQUARE FEET</u>	<u>YEAR BUILT RUNWAY ACCESS</u>	<u>LEASE RATE PER SQ.FT.PER YEAR LEASE START</u>	<u>LEASE TERM</u>	<u>LEASE TERMS</u>
	<u>BUCKEYE MUNICIPAL AIRPORT</u>					
1.	Buckeye Aviation FBO - 2 hangars and fuel concession	8,000	1990 Yes	\$1.80 1996	Month to month	Lease is on a month to month basis.
2.	Private parties Private aircraft storage hangar for ultra light planes.	3,000	1971 Yes	\$1.00 1995	Month to month	Lease is on a month to month basis.
	<u>CASA GRANDE MUNICIPAL AIRPORT</u>					
3	Desert Aero Center FBO	3,600	1975 ± Yes	\$2.24 1994	5 years plus 1 - 5 year option	CPI adjustments annually.
	<u>ELOY MUNICIPAL AIRPORT</u>					
4.	Aero Communications Gary Wedding - maintenance hangar	3,300	1980 ± Yes	\$2.00 1991	5 years negotiable 5 yr options	Initial term was 2 years, Now in first renewal term. CPI adjustments annually.
5.	DMI Parachute Manufacturer This hangar has low ceiling height, limited aviation use, only suitable for small aircraft.	9,600	1980 ± Yes	\$0.62 1995	2 years 1 - 3 year option	Initial rental price reduced due to tenant improvements. At renewal rent will be \$1.13 per sq.ft. per year with annual CPI adjustments.
6.	Hi But Dry Balloons - Hangar 3 Hangar 3 - aviation hangar	4,500	1980 ± Yes	\$1.60 1994	2 years negotiable	Level rent
7.	Paraflight - Hangar 4 Storage and maintenance hangar.	3,300	1980 ± Yes	\$2.09 1996	1 year 1 - 1 year option	CPI increases annually
8.	Larry Hill - Hangar 5 FBO - hangar and FBO office	3,300	1980 ± Yes	\$2.09 1991	5 years 3 - 5 year options	CPI increase each renewal term.

	<u>AIRPORT NAME/USE</u>	<u>LEASED AREA BUILDING SIZE IN SQUARE FEET</u>	<u>YEAR BUILT RUNWAY ACCESS</u>	<u>LEASE RATE PER SQ.FT.PER YEAR LEASE START</u>	<u>LEASE TERM</u>	<u>LEASE TERMS</u>
	<u>GILA BEND MUNICIPAL AIRPORT</u>					
9.	FBO office & fuel concession for rent	900	Yes	Free	Negotiable	Negotiable - airport needs an FBO and is currently offering free rent for at least the first year.
10.	Private party Single airplane hangar for private aircraft	1,000	Yes	\$0.14 1994	One year	Annual renewal, renegotiated annually
	<u>WICKENBURG MUNICIPAL AIRPORT</u>					
11.	Diciplinaire - Don Metzger FBO	2,500	Yes	\$1.92 1990	10 years plus 1 - 10 year option	Level rent to be renegotiated at beginning of each option term. Rent is for hangar only. FBO office is trade off for Metzger's operation of city-owned fuel concession.
12.	Avart - Brian Baldwin Aviation painting service Includes 2 enclosed hangars, 2,500 and 3,000 s.f., one shade hangar, 2,500 s.f. and 9,180 s.f. unpaved aircraft parking area.	8,270	1972 Yes	\$1.21 1989	10 years plus 1 - 10 year option	Level rent to be renegotiated at end of first lease (1999). Rent includes hangars as well as office and unpaved parking area.
	<u>COOLIDGE MUNICIPAL AIRPORT</u>					
	SUBJECT PROPERTY B					
	Hangar for lease	5,200	1988 Yes	\$2.42	10 years negotiable	This is the asking price for the south hangar and site
	Declined offer to lease Brunetto Flying Service Aircraft hangar in fair condition	5,200	1988 Yes	\$0.92	Lease to run concurrently with present lease for Subject Property A	This was an offer to lease the south hangar and site which was declined.



ARIZONA

SCALE IN MILES

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Comparable Rentals

SUBJECT PROPERTY B - ADJUSTMENT CHART

	<u>Rental 1</u>	<u>2</u>	<u>3</u>	<u>4</u>	<u>5</u>	<u>6</u>	<u>7</u>
Annual rental per sq.ft.	\$1.80	\$1.00	\$2.24	\$2.00	\$0.62	\$1.60	\$2.09
Property Rights	o	o	o	o	o	o	o
Conditions of Rental	o	o	o	o	o	o	o
Market Conditions	o	o	o	+	o	o	o
Overall adjustment	o	o	o	+	o	o	o
Indicated rental/s.f.	\$1.80	\$1.00	\$2.24	\$2.00	\$0.62	\$1.60	\$2.09
Location	-	-	-	-	-	-	-
Size	o	o	o	o	+	o	o
Age/Condition	-	o	-	-	o	-	-
Fuel concession	-	o	-	o	o	o	o
Overall Adjustment	-	o	-	-	o	-	-
Indicated rental s.f.	-\$1.80	\$1.00	-\$2.24	-\$2.00	\$0.62	-\$1.60	-\$2.09

Note 1: (-) represents superior, thus downward adjustment;
 (+) represents inferior, thus upward adjustment;
 (o) represents similar, thus no adjustment.

Note 2: The first four adjustments are made sequentially, while the adjustments for location and physical characteristics are made in the aggregate.

Note 3: Not all adjustments are equally weighted; therefore, one superior characteristic of a comparable may outweigh an inferior characteristic of that comparable.

SUBJECT PROPERTY B - ADJUSTMENT CHART

	<u>Rental 8</u>	<u>9</u>	<u>10</u>	<u>11</u>	<u>12</u>
Annual rental per sq.ft.	\$2.09	Free	\$0.14	\$1.92	\$1.21
Property Rights	o	o	o	o	o
Conditions of Rental	o	o	o	o	o
Market Conditions	+	o	o	+	+
Overall adjustment	+	o	o	+	+
Indicated rental/s.f.	+\$2.09	\$0.00	\$0.14	+\$1.92	+\$1.21
Location	-	+ / +	+ / +	-	-
Size	o	-	-	-	o
Age/Condition	-	+	o	-	-
Fuel concession	-	-	o	-	o
Overall Adjustment	-	+	+	-	-
Indicated rental s.f.	-\$2.09	+\$0.00	+\$0.14	-\$1.92	+\$1.21

Note 1: (-) represents superior, thus downward adjustment;
 (+) represents inferior, thus upward adjustment;
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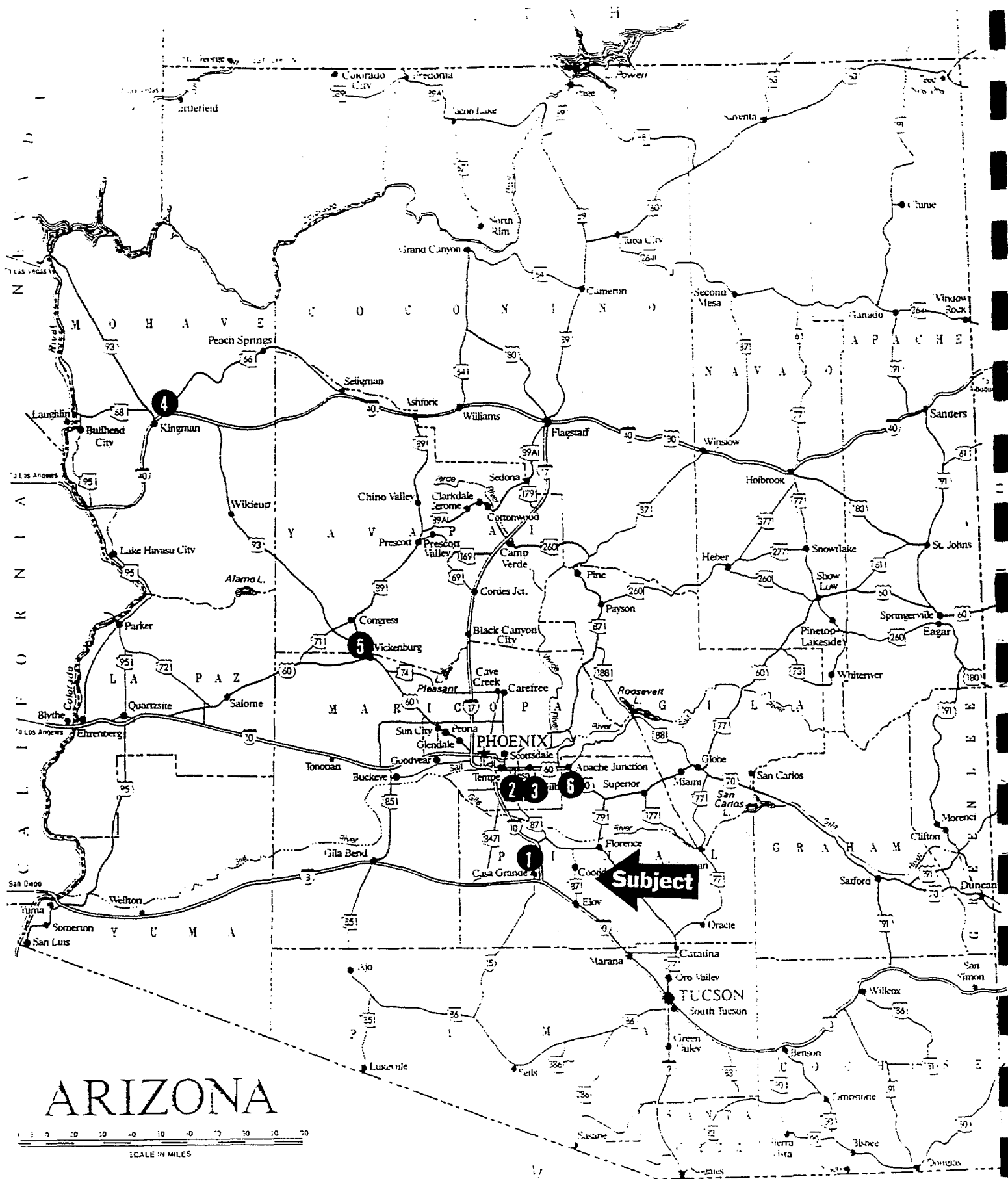
Note 3: Not all adjustments are equally weighted; therefore, one superior characteristic of a comparable may outweigh an inferior characteristic of that comparable.

TABULATION OF COMPARABLE HANGAR RENTALS

FOR RENTAL ANALYSIS OF SUBJECT PROPERTY C, THE FIRE COMPOUND SITE

	<u>AIRPORT NAME/USE</u>	<u>LEASED AREA SQUARE FEET</u>	<u>RUNWAY ACCESS</u>	<u>LEASE RATE PER SQ.FT.PER YEAR LEASE START</u>	<u>LEASE TERM</u>	<u>LEASE TERMS</u>
	<u>CASA GRANDE MUNICIPAL AIRPORT</u>					
1	Lehman Aviation FBO aviation repair/service	4,500 1	Yes	\$0.03 1981	20 years plus 1 - 10 year option	Rent increases 1/2 cent every 5 years. Most recent increase, 1996.
	<u>FALCON FIELD - MESA</u>					
2	Switzer/Altman Aviation engine overhaul	27,878 0.953	Yes	\$0.17 1993	25 years plus 1 - 10 year option	CPI adjusted every 2 years, not to exceed 4 percent annually.
3 A-44	Bob & Carol Figgins Aircraft storage hangars	24,990 .57	Yes	\$0.20 1987	20 years no options	Fixed scheduled increases averaging about 5 percent per year.
	<u>KINGMAN AIRPORT</u>					
4	Gene's Flying Service Flight School	51,836 1.19	Yes	\$0.04 1989	22 years with 1 - 25 year option	Annual CPI adjustments
	<u>WICKENBURG MUNICIPAL AIRPORT</u>					
5	Avart - Brian Baldwin Aircraft parking area - unpaved	9,180 s.f. land	Yes	\$0.07 1989	10 years plus 1 - 10 year option	consisting of siding and roofing. Level rent to be renegotiated at end of first lease (1999). This site

	<u>AIRPORT NAME/USE</u>	<u>LEASED AREA SQUARE FEET</u>	<u>RUNWAY ACCESS</u>	<u>LEASE RATE PER SQ.FT.PER YEAR LEASE START</u>	<u>LEASE TERM</u>	<u>LEASE TERMS</u>
	<u>WILLIAMS GATEWAY</u>					
6	Santan Flying Service - Joe Henderson Crop dusting and aircraft maintenance	87,120 2	Yes	\$0.12 1/97	24 years no options	Lease agreement begins 1/1/97. CPI increases every 30 months with adjusted rent based on appraised value every 5 years.
	<u>COOLIDGE MUNICIPAL AIRPORT</u>					
	<u>SUBJECT PROPERTY C</u> Fire Compound site Proposed use for aircraft washing storage and tiedown.	59,000	Yes	\$0.025	Negotiable Negotiable ,	Proposed lease currently under consideration. Annual CPI adjustments.



SUBJECT PROPERTY C - ADJUSTMENT CHART

	<u>Rental 1</u>	<u>2</u>	<u>3</u>	<u>4</u>	<u>5</u>	<u>6</u>
Annual rental per sq.ft.	\$0.03	\$0.17	\$0.20	\$0.04	\$0.07	\$0.12
Property Rights	o	o	o	o	o	o
Conditions of Rental	o	o	o	o	o	o
Market Conditions	+	o	+	+	+	o
Overall adjustment	+	o	+	+	+	o
Indicated rental/s.f.	+\$0.03	\$0.17	+\$0.20	+\$0.04	+\$0.07	\$0.12
Location	*o	-	-	-	-	-
Size	o	o	-	o	-	o
Overall Adjustment	+	-	-	o	-	-
Indicated rental/s.f.	+\$0.03	-\$0.17	-\$0.20	\$0.04	-\$0.07	-\$0.12

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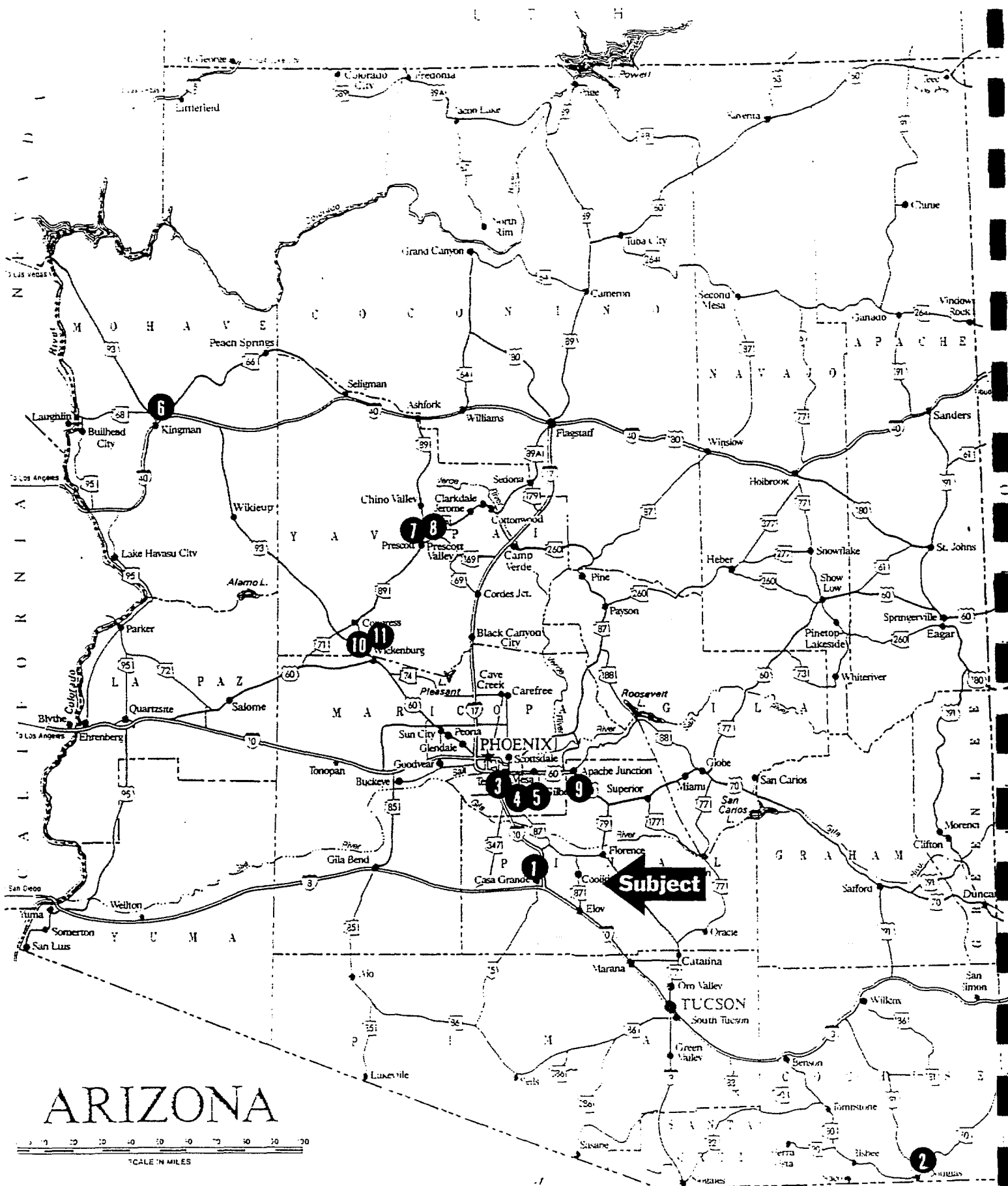
* - Location was similar at inception of lease

TABULATION OF COMPARABLE LAND RENTALS
 FOR RENTAL ANALYSIS OF SUBJECT PROPERTY D, TYPICAL 5 ACRE SITE WITH TAXIWAY ACCESS

	<u>AIRPORT NAME/USE</u>	<u>LEASED AREA SQUARE FEET ACRES</u>	<u>RUNWAY ACCESS</u>	<u>LEASE RATE PER SQ.FT.PER YEAR LEASE START</u>	<u>LEASE TERM</u>	<u>LEASE TERMS</u>
	<u>CASA GRANDE MUNICIPAL AIRPORT</u>					
1	Lehman Aviation FBO aviation repair/service	4,500 1	Yes	\$0.03 1981	20 years plus 1 - 10 year option	Rent increases 1/2 cent every 5 years. Most recent increase, 1996.
	<u>DOUGLAS MUNICIPAL AIRPORT</u>					
2	Private investor Site for T-hangars	2 acres	Yes	\$0.00 1991	30 years no options	Rental is \$1 per year for 30 years. Agreement is for lessee to develop T-hangars for private GA aircraft.
	<u>FALCON FIELD - MESA</u>					
3	U.S. Postal Service Postal facility	218,250 5.01	No	\$0.08 November, 1987	50 years no options	Fixed increases every five years, averaging about 2.7% per year.
4	Switzer/Altman Aviation engine overhaul	27,878 0.953	Yes	\$0.17 April, 1993	25 years plus 1 - 10 year option	CPI adjusted every 2 years, not to exceed 4 percent annually.
5	Bob & Carol Figgins Aircraft storage hangars	24,990 .57	Yes	\$0.20 January, 1987	20 years no options	Fixed scheduled increases averaging about 5 percent per year.
	<u>KINGMAN AIRPORT</u>					
6	Gene's Flying Service Flight School	51,836 1.19	Yes	\$0.04 April, 1989	22 years with 1 - 25 year option	Annual CPI adjustments

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	AIRPORT NAME/USE	LEASED AREA SQUARE FEET - ACRES	RUNWAY ACCESS	LEASE RATE PER SQ.FT.PER YEAR LEASE START	LEASE TERM	LEASE TERMS
	<u>ERNEST A. LOVE FIELD - PRESCOTT</u>					
7	Arizona Flight School Flight Training	261,360 6.0	Yes	\$0.08 April, 1990	30 years	Adjusted for CPI annually
8	Embry Riddle Aeronautical University	187,308 4.3	Yes	\$0.08 Sept, 1991	34 years	Adjusted for CPI every 3 years
	<u>WILLIAMS GATEWAY AIRPORT</u>					
9	Santan Flying Service - Joe Henderson Crop dusting and aircraft maintenance	87,120 2	Yes	\$0.12 1/97	24 years no options	Lease agreement begins 1/1/97. CPI increases every 30 months with adjusted rent based on appraised
	<u>WICKENBURG MUNICIPAL AIRPORT</u>					
10	Bonanza Leasing T-hangar site	174,240 4	Yes	\$0.03 1981	20 years plus 1 - 10 year option	Land rent is based on 10 percent of gross hangar rent. Rent varies - price noted is average.
11	Avart Aircraft parking area	9,180 0.21	Yes	\$0.07 1989	10 years plus 1 - 10 year option value every 5 years.	Level rent to be renegotiated at end of first lease (1999).
	<u>COOLIDGE MUNICIPAL AIRPORT</u>					
	SUBJECT PROPERTY D Land with taxiway access for lease	217,800 5	Yes	\$0.002	10 years Negotiable	CPI adjustments annually.



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SUBJECT PROPERTY D - ADJUSTMENT CHART

	<u>Rental 1</u>	<u>2</u>	<u>3</u>	<u>4</u>	<u>5</u>	<u>6</u>
Annual rental per sq.ft.	\$0.03	\$0.00	\$0.08	\$0.17	\$0.20	\$0.04
Property Rights	o	o	o	o	o	o
Conditions of Rental	o	o	o	o	o	o
Market Conditions	+	+	+	+	+	+
Overall adjustment	+	+	+	+	+	+
Indicated rental/s.f.	+\$0.03	+\$0.00	+\$0.08	+\$0.17	+\$0.20	+\$0.04
Location	*o	+	-	-	-	-
Size	-	-	o	-	-	-
Overall Adjustment	o	+	o	-	-	-
Indicated rental/s.f.	\$0.03	+\$0.00	\$0.08	\$0.17	\$0.20	\$0.04

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SUBJECT PROPERTY D - ADJUSTMENT CHART

	<u>Rental 7</u>	<u>8</u>	<u>9</u>	<u>10</u>	<u>11</u>
Annual rental per sq.ft.	\$0.08	\$0.08	\$0.12	\$0.03	\$0.07
Property Rights	o	o	o	o	o
Conditions of Rental	o	o	o	o	o
Market Conditions	+	+	o	+	+
Overall adjustment	+	+	o	+	+
Indicated rental/s.f.	+\$0.08	+\$0.08	\$0.12	+\$0.03	+\$0.07
Location	-	-	-	-	-
Size	o	o	-	o	-
Overall Adjustment	o	o	-	o	-
Indicated rental/s.f.	\$0.08	\$0.08	-\$0.12	\$0.03	-\$0.07

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August 8, 1997

Mr. John Baudek
City Manager
City of Coolidge
130 West Central Avenue
Coolidge, Arizona 85228

Re: Ramp space rental at the Coolidge Municipal Airport

Dear Mr. Baudek:

Per your request, this correspondence is a letter addendum to our Restricted Appraisal Report dated November 7, 1996 under our job number 6657-96. Please refer to the original report for locational and other subject airport data.

The purpose of this addendum is to estimate the potential market rent for the ramp or apron area associated with the Coolidge Municipal Airport.

The function is to assist the City of Coolidge with regard to business decisions related to the Coolidge Municipal Airport. The date of valuation remains November 7, 1996, the date of the latest inspection and consistent with our initial report.

According to information and drawings provided by you, the client, there is about 10 acres of concrete ramp associated with the Coolidge Municipal Airport. The airport and ramp were constructed during the early 1940's (World War II era) by the United States Government. Subsequently, when no longer needed for defense purposes, under the Surplus Properties Act, the airport was given by the United States Government to Pinal County who in turn gave the airport to the Town of Florence and the City of Coolidge as joint owners. Later the Town of Florence relinquished their interest in the airport to the City of Coolidge who is the current owner of the airport. Based on this information, we have assumed that the subject ramp was constructed with Federal funds.

During our interview with John Milligan, Supervisor, Standards Section of the Federal Aviation Administration (FAA), it was noted that under the Federal publication "Airport Compliance Requirements, Circular 5190-6A", no exclusive right to the airport will be given. Mr. Milligan noted that a portion or portions of the ramp can legally be leased or licensed as long as the lease/license does not restrict other users from access to

the ramp. Mr. Milligan suggested that for the subject ramp area, non-exclusive licenses for airport users should be considered by the City of Coolidge. This arrangement keeps future control of the ramp with the City of Coolidge.

Based on this information, the highest and best use of the subject ramp is for public use.

It is our understanding that the existing Brunetto lease which was discussed in our initial report includes exclusive use of a portion of the subject ramp. Based on the above discussion, this lease agreement for the subject ramp may be in violation of Federal regulation. This is a legal matter and should be referred to an attorney for clarification.

A rental analysis has been performed with which to establish the rental value for the subject ramp area. Comparable rental data was obtained from competing airports within the State of Arizona. Those airports include Casa Grande Municipal, Falcon Field, Kingman Airport, Williams Gateway Airport and Wickenburg Municipal Airport.

Due to the complexity of the data gathered, we will discuss the data obtained in narrative rather than tabular format.

Casa Grande Municipal Airport: According to Matt Ford of Desert Aero Center, currently there is no charge for the non exclusive use of ramp space. Additionally, the City of Casa Grande, owner of the airport, does not charge fees for aircraft tiedown on the ramp.

Falcon Field: According to Vicki Kerr, assistant airport properties manager, since the ramp/apron areas at Falcon Field were constructed with Federal and/or State grant dollars, these properties are considered to be public properties. Therefore, exclusive use by any one party is not allowed. However, Falcon Field has given Bob & Carol Figgins the right to utilize six tie down spaces on the public ramp for aircraft storage. The tie down fees paid by the Figgins to the airport are the same as are charged by the airport to the general public which is \$27 per single engine, or \$32 per twin engine aircraft per month. The airport has retained the right to utilize the Figgins' tie down area at any time necessary should they be needed by the airport.

Kingman Airport: According to Bob Najaka, airport manager, since the airport ramp was constructed with Federal dollars, by Federal regulation exclusive rights to the ramp area are not allowed. He noted that the Kingman Airport FBO's are given a license to utilize the ramp space in

front of their hangars, however, this is not an exclusive license. Therefore, an FBO can fuel aircraft parked within a competing FBO's licensed ramp area. Also the airport management reserves the right to park any other aircraft within the licensed space as deemed necessary. Mr. Najaka also said that the fee for the non-exclusive license to use the ramp is figured into the overall rental rate for the airport land lease. He noted that the leases are old and were written prior to his arriving at the airport therefore, the methodology utilized for the specific amount of rent attributable to the ramp license area is unknown. The overall rental amount per square foot for a typical FBO site including land and ramp license area is \$0.04 per square foot per year.

Williams Gateway Airport: According to Linda Howard, Property Management, the ramp area adjacent to the airport users is for public use, however, lessees may use the ramp areas for their business uses. There is no charge to the airport users for the ramp.

Wickenburg Municipal Airport: According to Don Metzger of Disciplinaire (FBO), the airport users are not charged for use of the airport ramp area. He noted that the \$25 per month tie down fees charged for based aircraft parked on the ramp are paid to the City of Wickenburg who owns the airport.

Based on the information gathered and the data from competing airports, we believe that the City of Coolidge has several options including:

- 1) The option of not charging airport users for use of ramp space as is the case at Casa Grande and Williams Gateway Airports;
- 2) The option of charging tie down fees to users for aircraft parked on the subject ramp as is the case at Falcon Field and Wickenburg airports; or,
- 3) The option of including a fee for a non-exclusive license for ramp use within the master ground lease as is the case at the Kingman Airport.

Since airport management at Coolidge wishes to gain revenue from the ramp space, and the airport manager is not on site, we would recommend the third option, a non-exclusive license for ramp use.

With regard to the suggested price for the non-exclusive ramp license, we refer the reader to our original market rental report. As noted in said report, market rent for land with taxiway access (subject parcels C and D) is between \$0.03 and \$0.04 per

August 8, 1997

square foot, depending on size. For the ramp area, we feel that the benefit of the concrete apron improvements when compared with bare land would be offset by the detriment of non-exclusive use of the ramp.

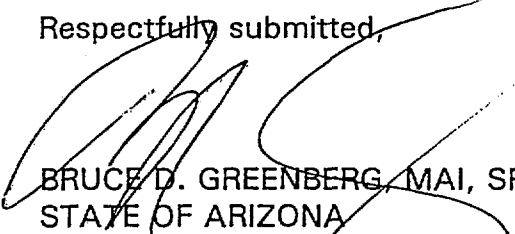
Based on the market rent for subject parcel C, a non-exclusive license for a 59,000 square foot portion of the ramp would be \$2,400 per year (59,000 square feet times \$0.04 per square foot equals \$2,400 rounded).

Based on the market rent for subject parcel D, a non-exclusive license for a five acre portion of the subject ramp would be \$6,500 per year (217,800 square feet times \$0.03 per square foot equals \$6,500 rounded).

We trust this information answers your questions regarding the ramp space market rent. Pertinent pages from FAA Circular 5190-6A, Airport Compliance Requirements can be found at the end of this correspondence.

If you have any questions regarding this matter, do not hesitate to call.

Respectfully submitted,



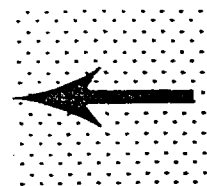
BRUCE D. GREENBERG, MAI, SRA, ASA
STATE OF ARIZONA
CERTIFIED REAL ESTATE APPRAISER
CERTIFICATE NUMBER 30031



SUZANNE BOYER
ASSOCIATE APPRAISER

CHAPTER 3. EXCLUSIVE RIGHTS

SECTION 1. BACKGROUND



3-1. **GENERAL.** Chapter 4 of this Order describes the responsibilities assumed by the owners of public use airports developed with Federal funds. Among these is the obligation to make all airport facilities and services available on fair and reasonable terms without unjust discrimination. This covenant enjoins the airport owner from granting any special privilege or monopoly in the use of public use airport facilities. The grant of an exclusive right to provide aeronautical services at an airport on which Federal funds have been expended is specifically forbidden by the Federal Aviation Act of 1958. Because of the widespread interest and involvement of this statutory prohibition, this entire Chapter is devoted to guidance on the application of law and FAA policy regarding exclusive rights at public use airports.

3-2. LEGISLATIVE HISTORY.

a. **Origin.** The Civil Aeronautics Act of 1938 contained language (Section 303) restricting the use of Federal funds for airport development (other than military) to those landing areas certified by the Administrator as being reasonably needed for air commerce or national defense. The same section of the Act also provided that "there shall be no exclusive right for the use of any landing area or air navigation facility upon which Federal funds have been expended." This identical language has since been incorporated as Section 308(a) of the Federal Aviation Act of 1958. This provision also applies to surplus and nonsurplus property transferred for public use airport purposes.

b. **Recognition of Statutory Prohibition in Agreements.** The AP-4 Agreements (see Section 4, Chapter 2) under which many civil airports were improved with Federal funds during the World War II period contained a covenant that such airports would be operated without the grant or exercise of any exclusive right for use of the airport within the meaning of Section 303 of the Civil Aeronautics Act of 1938. Similar language is now used in airport grant agreements to specifically require conformity to this statute as part of the sponsor's assurances. Whether referenced in an agreement or not, the prohibition against exclusive right contained in Section 308 applies to any airport on which any Federal funds have been expended since August 28, 1938, the effective date of the Civil Aeronautics Act.

c. **Prohibition Applied to Aeronautical Activities.** In 1941, the Attorney General of the United

States was called upon to interpret the application of Sec. 303 of the Civil Aeronautics Act. In an opinion dated June 4, 1941, the Attorney General stated "...it is my opinion that the grant of an exclusive right to use an airport for a particular aeronautical activity, such as an air carrier, falls within the provision of Section 303 of the Civil Aeronautics Act precluding any exclusive right for the use of any landing area." Significantly, the Attorney General did not define what an aeronautical activity was other than to cite as an example one type of activity commonly known in 1941—"such as an air carrier." This opinion, however, made it clear that a monopoly covering one activity would not be tolerated merely because the landing area was also available to those engaged in other types of aeronautical activity.

d. **Restrictions in Surplus Property Deeds.** Following World War II, large numbers of former military installations were conveyed without monetary consideration to local public agencies under the provisions of the Surplus Property Act of 1944. Initially the deeds of conveyance included a covenant that there would be no exclusive right contrary to the provisions of Section 303 of the Civil Aeronautics Act. Subsequently, however, in 1947, the Surplus Property Act was amended by P.L. 80-289 to require the following specific language:

No exclusive right for the use of the airport at which the property disposed of is located shall be vested (either directly or indirectly) in any person or persons to the exclusion of others in the same class. For the purpose of this condition, an exclusive right is defined to mean—(1) any exclusive right to use the airport for conducting any particular aeronautical activity requiring operation of aircraft; (2) any exclusive right to engage in the sale or supplying of aircraft, aircraft accessories, equipment, or supplies (excluding the sale of gasoline and oil), or aircraft services necessary for the operation of aircraft (including the maintenance and repair of aircraft, aircraft engines, propellers, and appliances.

3-3. DEVELOPMENT OF AGENCY POLICY.

a. **Implementation of Federal Airport Act.** During the immediate post war years, the CAA (the predecessor of the FAA) was simultaneously engaged in processing the first FAAP development projects and in recommending the conveyance of former military

discretion, may either make an after-the-fact determination on the present utility of the affected apron as in paragraph (2) above, or may seek a remedy including:

(a) Requiring the sponsor to have portable hangars and/or sun shades removed from the apron;

(b) Seeking reimbursement for the Federal share of apron construction costs; (i.e., cost of apron replacement); or

(c) Recovering the Federal share of apron construction costs in a future project.

4-18. USE OF SURPLUS PROPERTY.

a. **General.** Surplus airport properties conveyed under the authority of the Surplus Property Act, as amended by P.L. 80-289, impose upon the grantee certain continuing obligations that are generally more comprehensive than the covenants and conditions discussed in previous parts of this section. Most of the surplus properties were developed as military installations and comprise a physical plant that frequently exceeds, or at least differs from, the type of development that would be undertaken to meet the demonstrable civil aviation needs of a typical community. P.L. 80-289 authorizes the conveyance of property over and above the required aeronautical facilities in order to permit the grantees to have a source of continuing airport revenue. To assure that this is accomplished, the FAA insists that surplus properties associated with a public airport including revenue generated therefrom be used to support the development, maintenance and operation of the aeronautical facilities. (See paragraph f. below.)

b. **Obligations Run with the Land.** There is a further distinction between the obligations assumed under a grant project and those assumed by the recipient of a surplus airport. Grant agreements are contracts with the Government relating to airport facilities. These run for a maximum specified term of years, or for the time the land is used for an airport, whereas the covenants of a surplus airport conveyance are in fact restrictions and encumbrances which condition the title to the land. Thus, every acre of a surplus airport is held in trust for a specific purpose and usage. The Surplus Property Act provides that property shall not be used, leased, sold, salvaged or disposed of for other than airport purposes without the consent of the Administrator. This reflects a degree of administrative flexibility to adjust the usage in a surplus property deed for specific areas of a surplus airport within the spirit, intent and objectives of the law.

c. **Authorized Land Use.** The FAA is required to assure itself that surplus land conveyed for aeronautical purposes is so used and that land con-

veyed for revenue purposes is actually used or available to produce revenue for the continued development, maintenance and operation of the aeronautical facilities. With the passage of time the aeronautical needs of any community will change. Therefore, the FAA is authorized to approve changes in the use of surplus airport property, including the conversion of aeronautical to revenue production and vice versa. It may relieve the recipient of its obligation to maintain parts of the airport that are no longer required for aeronautical usage within the foreseeable future. Under certain circumstances, it may grant a complete release for sale or disposal if the resulting proceeds are applied to further develop, maintain and operate the airport or other NPIAS airports which it owns as approved by the FAA. Conditions and procedures governing the release of surplus property from any of the terms and conditions of the deed are contained in Chapter 7.

d. **Reduction or Change in Aviation Use Property.** Changes in aviation needs may make it desirable to convert dedicated aviation use property to revenue-production property. The conversion may receive FAA approval provided the present/future civil aviation needs are met or assured and the public benefit in civil aviation is enhanced. In all such conversions, FAA shall require assurance that all such converted property will be used to produce FMV for civil airport purposes consistent with the original conveyance and in support of the owner's endeavor to make the airport as self-sustaining as possible.

e. **Land Use Plans.** In order to determine that all property on a surplus airport is being used as intended by the applicable law, it is necessary for the recipient to have inventory accountability. The most effective means for maintaining such a current inventory is the "land-use plan." This is a scaled layout of the entire property indicating the current use approved for each identifiable segment or area including that land which FAA has approved for revenue production. If this plan is to serve as the land inventory plan it should indicate the acquisition source of all airport land (i.e., surplus, grant purchase, etc.). For ease, it may be incorporated on an Exhibit A or on an ALP or developed as a separate document.

f. **Leasing of Surplus Airport Properties.** Section 1, Chapter 6 contains guidance on evaluating leases or use agreement covering aeronautical facilities at a public airport. It assists FAA personnel in advising airport owners about contracts or agreements which could affect the owner's prime responsibility to control public facilities and to make them available on fair and reasonable terms without discrimination.